



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

THE GOVERNOR

February 7, 2012

To the People of Pennsylvania:

The 2012-13 budget I present today puts Pennsylvania on a path to prosperity again by aligning the commonwealth's resources with the core functions and priorities of government: education, public safety, and individual responsibility and opportunity.

The commonwealth's financial situation and the national efforts to address financial challenges have provided the impetus to truly align state expenditures with available revenue, using honest accounting and financial projections. This budget closes a projected revenue shortfall of more than \$700 million and controls state spending; it puts Pennsylvania on a solid fiscal footing to manage through the next several years of modest economic growth; and it prioritizes initiatives around economic development, job creation, workforce training and public safety.

This budget meets our key needs in a constrained fiscal environment, with no new taxes or burdens on families and businesses. Most importantly, this budget begins to transform the way government delivers products and services through greater use of block grants and increased flexibility for recipients, streamlining of government agencies and proposed privatization of certain activities or services.

In education, this budget significantly enhances the commonwealth's investment in basic education by providing greater funding flexibility to local school districts and allowing them to focus that funding on students and student achievement.

In public safety, this budget reflects the commonwealth's commitment through level funding of the Department of Corrections and funding for 115 new State Police troopers. This support provides both agencies with adequate resources and staffing to combat crime.

This budget is built to transform the public welfare system into a performance- and accountability-based safety net for the truly needy. It is focused on individual and family responsibility and opportunity, along with a strong work ethic, as the indispensable ingredients for prosperity and a flourishing commonwealth. The cost-saving initiatives included in this budget were all developed to ensure that limited resources are maximized and are available to those who need the most help.

The best way for us to promote job creation and economic development in Pennsylvania is to carefully manage government spending. The 2012-13 budget continues my administration's commitment to strengthen the financial foundation of state government and thus foster an environment of economic opportunity for all citizens.

As we enter a new era in federal, state and local government relations and responsibilities, there will be great challenges ahead. This budget positions Pennsylvania to take control of its destiny – delineating the priorities of state government, forging a new relationship with local governments, and preparing for less support from the federal government. I welcome the opportunity to guide the commonwealth in this promising new era.

Pursuant to Article VIII, Section 12 of the Constitution of Pennsylvania, and Section 613 of the Administrative Code of 1929 (71 P.S. Section 233), I am transmitting to your representatives in the General Assembly my proposed budget for Fiscal Year 2012-13.

Sincerely,

Tom Corbett

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GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

Commonwealth of Pennsylvania

For the Fiscal Year Beginning

July 1, 2011

Linda C. Danson Jeffrey R. Egan

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the Commonwealth of Pennsylvania for its annual budget for the fiscal year beginning July 1, 2011. This award is valid for a period of one year.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device.

To view the Governor's Executive Budget online or learn more about the Pennsylvania Office of the Budget, go to www.budget.state.pa.us. To learn more about the Commonwealth of Pennsylvania, go to www.pa.gov.

Overview of Sections within the Budget

Preface

Includes the Governor's letter, Distinguished Budget Presentation Award, an overview of sections within the budget and the table of contents.

Reader's Guide

Provides an explanation of the budget process, program budget structure, and the basis of budgeting and accounting, summarizes significant financial policies and lists terms used in the budget.

A. Overview and Summaries

Provides summary information regarding program policy direction and budget themes. It discusses the economic outlook, major operating funds and overall complement and summarizes the budget for several major commonwealth funds including the General Fund, Motor License Fund, Lottery Fund, Tobacco Settlement Fund and Budget Stabilization Reserve (Rainy Day) Fund. It also includes General Fund and special fund financial statements and information on federal block grants, communications and selected other summaries.

B. Program Budget Summary

Provides a summary of the budget by major revenue source and information for each major program by component categories and subcategories (subdivisions of programs).

C. Summary by Fund

Provides a summary for the General Fund, the major operating fund of the commonwealth, and ten selected special funds, including detailed data regarding revenues and a summary of expenditures for each fund. Detailed expenditure and program information is found within Section E: Department Presentations.

D. Tax Expenditures

Provides information regarding tax expenditures for the General Fund, Motor License Fund and selected other funds. These are tax credits, deductions, exceptions and exclusions provided in law which result in a significant reduction in revenues that would otherwise be received at current tax rates.

E. Department Presentations

Provides detailed expenditure information by agency, program and funding source. It also presents program performance measures including outcome/effectiveness indicators, output/activity indicators, efficiency measures and need/demand estimators for those programs administered by the agency.

F. Capital Budget

Provides detailed information by agency regarding proposed capital budget projects. In addition, lists proposed funding sources and amounts needed to support the entire capital program for the next five years.

G. Public Debt

Provides data on the debt obligations of the commonwealth used to fund capital programs, voter-approved bond referendums and certain disaster relief programs.

H. Other Special Funds

Provides a brief description and financial data for all commonwealth funds not given an expanded treatment in other sections of the budget.

I. Complement

Provides a summary by department of salaried complement on a full-time equivalent (FTE) basis. It also provides a brief description by agency and appropriation of the changes recommended in the budget.

J. Statistical Data

Provides historical data for various Pennsylvania economic indicators.

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State Unemployment Trends	J9
State Personal Income Trends.....	J11



READER'S GUIDE

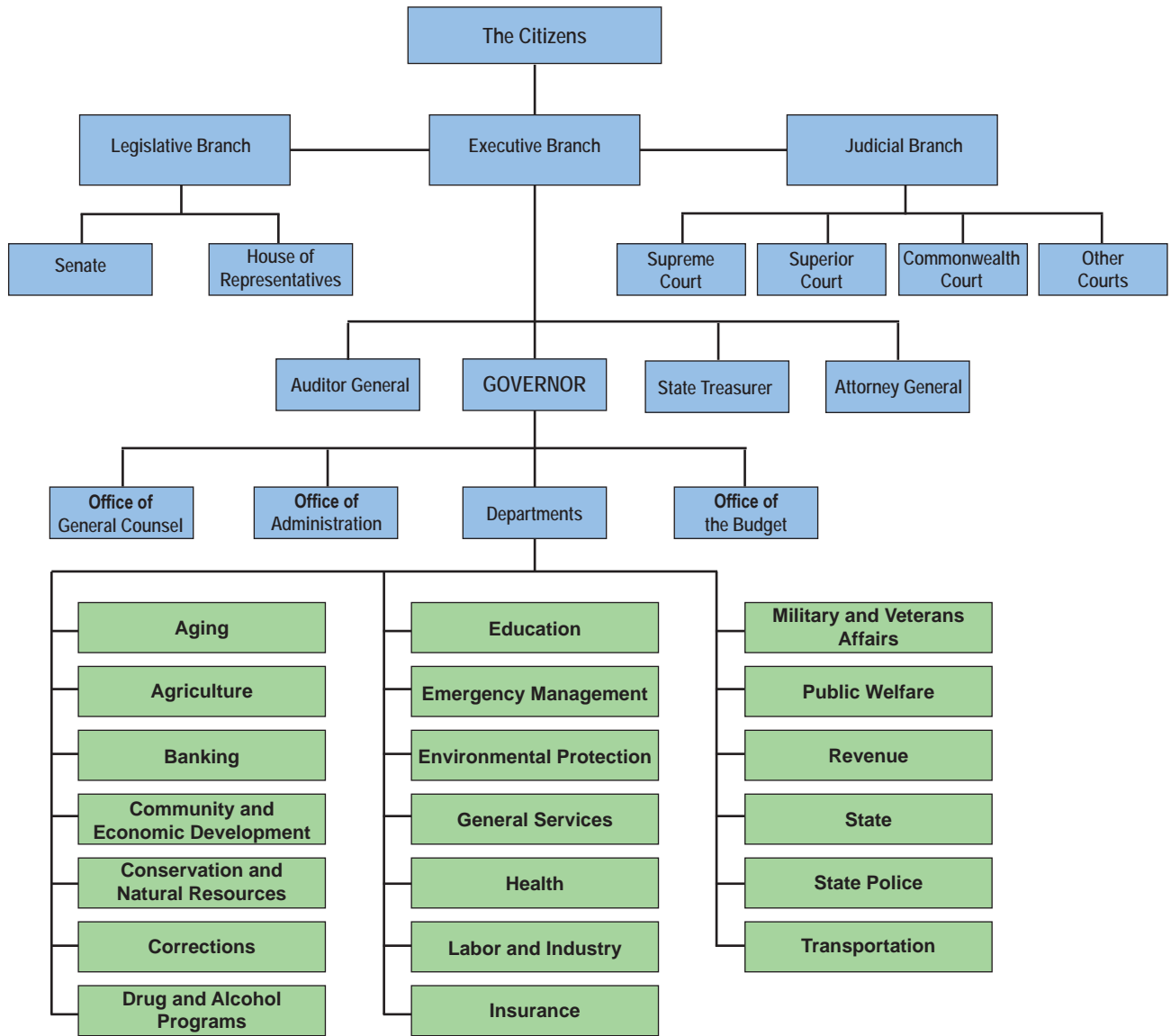
This section of the budget is intended to assist readers with interpreting and understanding the content of the Governor's recommended budget.

It contains an organization chart of the commonwealth, descriptions of the operating and capital budget processes, explanations of the program budget structure and the basis of budgeting and accounting, a summary of significant financial policies, terms used in the budget process and a list of common federal funds abbreviations.

The government of the commonwealth is comprised of three separate branches: the Executive Branch, the Legislative Branch and the Judicial Branch. The organization chart shown on the following page provides additional information about the structure of Pennsylvania State Government.

To view the Governor's Executive Budget online or learn more about the Pennsylvania Office of the Budget, go to www.budget.state.pa.us. To learn more about the Commonwealth of Pennsylvania, go to www.pa.gov.

Commonwealth of Pennsylvania Organization Chart



AGENCIES

Higher Education Assistance
Housing Finance
Interstate Agencies

AUTHORITIES

Commonwealth Financing
Energy Development
Higher Education Facilities
Industrial Development
Infrastructure Investment
Minority Business Development
Public School Building

BOARDS

Claims
Environmental Hearing
Gaming Control
Finance and Revenue
Liquor Control
Milk Marketing
Municipal Retirement
Pardons
Probation and Parole
Public School Employees' Retirement
State Employees' Retirement
Tax Equalization

COMMISSIONS

Civil Service
Crime and Delinquency
Ethics
Fish and Boat
Game
Harness Racing
Historical and Museum
Horse Racing
Human Relations
Juvenile Court Judges
Public Employee Retirement
Public Utility
Securities
Turnpike

The Budget Process

The Pennsylvania Constitution requires that the Governor submit a budget annually to be adopted by the General Assembly for the ensuing fiscal year. The General Assembly may add, change or delete any items in the budget proposed by the Governor, but the Governor retains veto power over the individual appropriations passed by the General Assembly. The Governor may also reduce individual appropriations, but may not increase them. A gubernatorial veto can be overridden only by a two-thirds majority of each House of the General Assembly.

The Governor's Budget is developed with a focus on the results of government programs and provides information about program goals, objectives, accomplishments and effects.

The Governor's Budget is a statement of the commonwealth's program plan, the resources necessary to support that plan, a description of how resources are to be used, and an assessment of the effects of programs on people and the environment. This information is presented so that the levels of expenditure are associated with levels of government services and, ultimately, with the resulting effects on important public policy issues and concerns faced by the commonwealth.

PHASES OF THE BUDGET PROCESS

The state budget process can be divided into four phases: gubernatorial preparation and submission to the General Assembly; approval (involving the executive and legislative branches); execution; and program performance evaluation and financial audit.

PREPARATION

The preparation phase of the budget process begins nearly twelve months prior to the July 1 start of that fiscal year. The first step of the preparation phase is the distribution of the budget instructions by the Governor's Budget Office and program policy guidance by the Governor's Office. The program policy guidance defines major policy issues, spells out priorities and provides policy direction to the agencies for budget preparation.

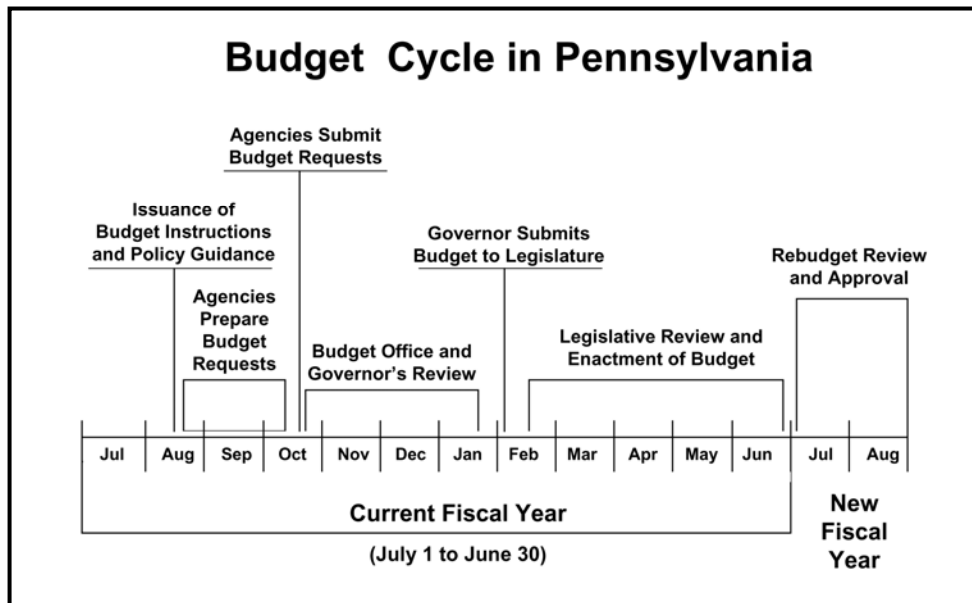
Agency budget requests are submitted to the Governor's Budget Office beginning in early October. Agencies prepare and submit their requests electronically. The Agency Program Plan, the programmatic presentation of agency budget requests, and the appropriation-level information are prepared and submitted in the format and manner specified in budget instructions issued annually by the Governor's Budget Office.

During December, the Governor apprises Legislative leaders of anticipated spending and revenue levels and major fiscal issues expected to be addressed in the upcoming budget.

The Secretary of the Budget and Governor's Budget Office staff review agency budget requests for accuracy and for adherence to the policy guidance. The Agency Program Plan and appropriation templates are used by the Governor's Budget Office to analyze the agency requests and prepare funding recommendations for the Secretary of the Budget and the Governor. Total agency requests must be brought into balance with total funds estimated to be available from existing sources and any new revenue sources that are recommended. The Secretary of the Budget makes recommendations to the Governor on the expenditure proposals contained in each agency budget request and, along with the Secretary of Revenue, provides revenue estimates. The Governor reviews these recommendations and makes final budget decisions. The Governor's Executive Budget document is then completed and submitted to a joint session of the General Assembly by the Governor through the budget address.

APPROVAL

Shortly after receiving the Governor's Executive Budget, the Appropriations Committees of the House of Representatives and Senate hold public hearings to review individual agency requests for funds. The appropriations hearings provide the legislators with an opportunity to review the specific programmatic, financial and policy aspects of each agency's programs. The legislators' decisions on the budget are reflected in the annual General Appropriation Bill and individual appropriation bills. The General Appropriation Bill contains appropriations for the executive, legislative and judicial departments, public schools and for public debt. All other appropriations are made individually by separate special bills.



Appropriations made to institutions not under the absolute control of the commonwealth are considered nonpreferred appropriations and require a two-thirds vote of each House of the General Assembly for passage. The passage of the General Appropriation Bill and other appropriation bills by the General Assembly and the passage of any revenue measures which may be required to ensure a balanced budget constitute the legislative approval phase of the budget process.

At the time that the General Appropriation Bill and other appropriation bills are presented to the Governor for approval, the official revenue estimates for the budget year are established by the Governor. If the appropriations passed by the Legislature exceed the revenue estimates plus any available surplus, the Governor has the authority and duty either to veto entire appropriation bills or to reduce the amount of appropriations in order to produce a budget that is in balance with total resources available. The Governor also has the power to reduce or item veto any appropriation he thinks excessive or unnecessary even if the total appropriations passed by the legislators do not exceed estimated resources available. A Governor's item veto may be overridden by a two-thirds vote of each House of the General Assembly.

The signing of the appropriations bills and any revenue bills by the Governor is the last step in the approval stage of the budget process.

On occasion, additional appropriations are made subsequent to the enactment of the General Appropriation Act. These additional appropriations are made for a purpose for which either no appropriation was originally made or where the General Assembly deems it desirable or necessary that an original appropriation be increased in the current fiscal year period. These appropriations are made in supplemental appropriation bills that are passed in the same manner as regular appropriation bills.

EXECUTION

The Governor's Budget Office has the authority to request and approve agency spending plans, commonly referred to as rebudgets, and to establish authorized levels for agency's full-time equivalent (FTE) salaried complement, i.e., personnel. The rebudgets are based primarily on the enacted appropriations. The Governor's Budget Office electronically enters allocation amounts into the accounting system based upon the approved rebudget. Program managers and administrators are responsible for operating their programs within the resources that are available and for producing the results cited in the budget.

AUDIT

The last phase of the budget cycle, which occurs after the close of the fiscal year, encompasses audit and review of program and financial performance. The Governor's Budget Office informally reviews program and financial performance and performs formal evaluations of selected programs. In addition, the Auditor General performs a financial post audit.

The Capital Budget Process

Preparation, Submission and Approval

The capital budget process in Pennsylvania is similar to the process used for the operating budget. The capital budget process has a preparation and submission to the General Assembly phase, an approval phase involving both the executive and legislative branches and an execution phase.

The preparation phase follows the operating budget preparation cycle for a fiscal year beginning July 1. When agencies submit operating budget requests to the Secretary of the Budget beginning in early October, agencies also submit a capital budget request itemizing proposed capital projects they want to undertake. The Governor's Budget Office reviews capital requests and develops recommendations based on the Governor's financial parameters and policies.

The Governor makes final decisions on the capital budget at the same time as the operating budget. The Governor's final recommendations are contained in a separate capital budget section in the Governor's Budget submitted to the General Assembly.

The Governor's capital project recommendations along with any additions or deletions made by the General Assembly are contained in a separate bill usually known as the Capital Budget Project Itemization Act. This bill, along with the Capital Budget Act which contains the maximum debt limitations for the next fiscal year beginning July 1, must be passed by both Houses of the General Assembly and presented to the Governor for signature.

The Governor reviews the projects contained in the Capital Budget Project Itemization Act taking into consideration his priorities, the importance of the project and the impact the project will have on agency operating budgets. The Governor may approve the bill as is or item veto parts or all of the amounts contained in the bill. Any item veto may be overridden by a two-thirds vote of each House of the General Assembly. The Governor's approval of the Capital Budget Project Itemization Act is the final stage of the capital budget approval process.

Each year, even if a capital budget project itemization bill is not passed, the Capital Budget Act – legislation establishing limitations on the debt to be incurred for capital projects – is passed and signed into law. The act establishes a debt ceiling for each major category of the capital program and remains in force for a single fiscal year.

Capital Project Activation

In order for a capital project approved in an enacted project itemization act to move forward, the Department of General Services must request that it be activated. All project activation requests are reviewed by the Governor's Budget Office for consistency with the Governor's priorities and policies. Projects approved by the Governor's Budget Office are scheduled for release, first for design – and then when design is complete – for construction. Project releases are made in accordance with certain fiscal guidelines in order to keep the entire capital budget at affordable levels each fiscal year.

Debt Financing vs. Current Revenue Financing

A capital project can be funded by commonwealth debt obligations, current revenues or funds received from other jurisdictions if it meets one of the project category criteria listed in the Capital Budget Program Summary (page F3). The majority of capital projects are funded through general obligation bonds, but in accordance with commonwealth debt policy (page G3), highway capital projects are funded from current revenues of the Motor License Fund. Agencies will request either bond or current revenue funding when they submit capital project requests. The statements on pages F5-F7 summarize new capital projects by capital program category, then by department, and finally by department, capital program category and bond or current revenue sources. The capital projects for each department (pages F8-F77) first list agency bond-funded projects, then list agency projects funded through current revenues.

The reader is referred to Section F Capital Budget, which contains the Governor's recommended capital budget and five-year capital program, including funding sources and amounts needed to support capital programs. Pages F3 and F4 briefly describe the seven categories of capital projects and the contents of the three subsections: 2011-12 New Project Authorizations; Forecast of Future Projects; and Estimate of Capital Expenditures.

The Commonwealth's Program Budget Structure

COMMONWEALTH PROGRAM PLAN

The budget presentation for each commonwealth department or agency is shown on a program basis and on an appropriation basis. The Section B: Program Budget Summary provides a summary presentation by commonwealth program and shows program costs according to eight major commonwealth program classifications. These eight Commonwealth Programs are each defined in terms of broadly stated goals of state government.

The first commonwealth program, Direction and Supportive Services, includes the resources to support administrative functions that affect the overall operations of the commonwealth. The next six commonwealth programs are substantive in nature and deal with costs related to their program titles: Protection of Persons and Property; Education; Health and Human Services; Economic Development; Transportation; and Recreation and Cultural Enrichment. The last commonwealth program, Debt Service, includes the resources to meet the timely payment of commonwealth debt obligations. Debt Service is shown as a separate commonwealth program and is not merged with program expenditures so that direct program expenditures may be more clearly identified.

Program Budget Structure	
•	<i>Commonwealth Program – eight major programs</i>
•	<i>Program Category – defined by desired goals</i>
•	<i>Program Subcategory – Program Presentation that includes an objective, narrative and funding</i>
•	<i>Program Element – activities contributing toward the accomplishment of the subcategory program objective</i>

Each of the eight major Commonwealth Programs is subdivided into Program Categories defined by more specific goals. Program Categories are further broken down into Program Subcategories (more commonly referred to as Program Presentations in the budget book). The Program Presentations include program objectives, narratives and funding recommendations. Program narratives are further broken down into Program Elements – the basic unit of the program budget structure. Program elements are the activities that contribute to the accomplishment of the program objective of the Program Presentation.

DEPARTMENT PRESENTATIONS

Each agency presented in Section E of this budget book includes a Mission Statement, a Summary by Fund and Appropriation, a Program Funding Summary and a program subcategory Program Presentation.

Mission Statement

The mission statement is included on the title page of the department or agency presentation and describes what the agency does or intends to accomplish and why.

Summary by Fund and Appropriation

The Summary by Fund and Appropriation presentation is organized by fund, character of expenditure, state appropriation, and the federal funds, augmentations and other funds that supplement the activities funded by each state appropriation. Three fiscal years are shown on this presentation – the budget year and two prior fiscal years. The most immediate prior fiscal year is named the “available year” and the second most immediate prior fiscal year is named the “actual year.”

State funds included in the SFA presentation are the: General Fund; Motor License Fund; Banking and Securities Department Fund; Boat Fund; Farm Products Show Fund; Fish Fund; Game Fund; Keystone Recreation, Park and Conservation Fund; Lottery Fund; Racing Fund and Tobacco Settlement Fund and all appropriations or executive authorizations made from those funds. Section C presents financial statements and revenue detail for each of these state funds.

Federal fund amounts shown on the SFA include appropriations to date as well as anticipated adjustments because of increases or decreases in the amount of funds to be received. Because of the manner in which they are appropriated, federal funds are deposited as General Fund revenues rather than as augmentations. Federal funds are not, however, included in the revenue sections of the budget. Instead, federal funds are shown with the state funds which they supplement. Abbreviations or acronyms often are used in the federal appropriation titles shown on the SFA. The Federal Funds Identification section in this Reader's Guide lists common federal fund abbreviations.

The budget may propose the transfer of appropriations between agencies, a departmental reorganization or the restructuring of appropriations within or between departments. Usually in these cases, for ease of comparison in the SFA presentation, the actual and available year funding amounts are shown consistent with the budget year

proposal. This means, however, that the amounts shown in the actual and available years may not be consistent with those shown in accounting reports and appropriations acts. When this occurs, footnote explanations are included within the agency SFA presentation.

The Summary by Fund and Appropriation example pages immediately following this section explain the layout of the SFA and provide more detail on the items discussed here.

Program Funding Summary

The agency Program Funding Summary presents general, special, federal and other funding organized by the program subcategory Program Presentations of the commonwealth's program budget structure rather than by appropriation. The summary is a seven-year presentation – including the actual, available and budget years previously discussed, plus four additional planning years beyond the budget year. The four planning years do not show cost projections based on desired progress toward meeting goals, but rather show the future cost consequences of current program policy including the cost of any current legislatively mandated increases that may be effective in a future year. All departmental program funding summaries are shown aggregated in Section B according to the eight major Commonwealth Programs and their identified Program Categories. Each departmental subcategory shown in its program funding summary is included in one and only one of the eight major Commonwealth Programs and in one of the Program Categories.

Program Presentation

Each program subcategory Program Presentation includes a program objective that states the program's purpose in terms of desired accomplishments, a narrative describing program activities and services, funding recommendations that identify increases or decreases over available year funding, and a list of state appropriations that support the activities within the program.

An agency may have one or more Program Presentations, depending on the breadth and complexity of its mission, activities, goals and objectives. The reader can quickly see program presentation titles in the Table of Contents which lists every program presentation for every agency. Each program presentation begins with and is defined by one program objective. Program narratives describe program activities, services and expected outcomes and may be further broken down by program element narratives which focus on specific program activities.

Program Presentation
<ul style="list-style-type: none"> • <i>Program Objective – program purpose stated as desired accomplishments</i> • <i>Narrative – program activities and services description</i> • <i>Program Recommendations – proposed funding increases or decreases</i> • <i>Appropriations within this Program – appropriations supporting program activities</i>

The Program Recommendations section lists and briefly describes each funding increase or decrease for each state appropriation. Major funding changes are identified as Initiatives or Program Revision Requests which often are more fully discussed in the Section A: Overview and Summaries section. Significant program changes are explained and justified in a separate Program Revision Request section that immediately follows the program subcategory Program Presentation to which it pertains.

The Appropriations within this Program section is a seven-year presentation of the state appropriations included in the Program Presentation. As noted in the previous planning year discussion, the four planning years do not show cost projections based on desired progress toward meeting goals, but rather show the future cost consequences of current program policy including the cost of any current legislatively mandated increases that may be effective in a future year. Each state appropriation appears in only one agency and in only one Program Presentation.

The Program Presentation example pages immediately following the Summary by Fund and Appropriation example pages in this section explain the layout of the Program Presentation and provide more detail on the items discussed here. The reader is also referred to the Terms Used in the Budget Process section of this Reader's Guide for the definitions of the terms discussed in this section.

Program Measures

Within the commonwealth's program budget structure, performance measures are used to quantify program activities and results. Program Measures is the last section in the agency presentation, and is a seven-year presentation of performance measures that identify program activities and outcomes and the impact the proposed budget is expected to have on those activities and outcomes.

OTHER SPECIAL FUNDS

The Section H: Other Special Funds Appendix provides brief descriptions and financial data for those special funds of the commonwealth not given an expanded treatment in other sections of this document.

The Summary by Fund and Appropriation

A summary by fund and appropriation (SFA) is shown at the beginning of each agency presentation in Section E. The SFA identifies all state appropriations within the agency and those federal funds, augmentations and other funds which supplement the activities within the respective state appropriation.

General Fund — The fund into which the general (non-earmarked) revenues of the state are deposited and from which monies are appropriated to pay the general expenses of the state.

General Government — A character of expenditure which is a classification of appropriations according to their general purpose. Other characters of expenditure are institutional, grants and subsidies, capital improvements and debt service.

General Government Operations — Identifies an appropriation by the General Assembly or an executive authorization (EA) by the Governor to spend state monies.

"(F)" Identifies a federal appropriation by the General Assembly or an executive authorization by the Governor to spend federal monies.

"(A)" Identifies other monies which augment a state appropriation.

"(R)" Identifies funds which are in a restricted account and which may only be spent for very limited purposes related to the state appropriation.

Summary by Fund

GENERAL FUND:

General Government:

General Government Operations

(F) Surface Mine Conservation

(A) Department Services

Subtotal

Environmental Program Management

(F) Coastal Zone management

(F) Storm Water Permitting Initiative

(A) Safe Drinking Water Revolving Fund Administration

(R) Sewage Facilities Program Administration (EA)

Subtotal

Subtotal - State Funds

Subtotal - Federal Funds

Subtotal - Augmentations

Subtotal - Restricted Revenues

Total - General Government

Grants and Subsidies:

Sewage Facilities Planning Grants

Sewage Facilities Enforcement Grants

Delaware River Master

Ohio River Basin Commission

Susquehanna River Basin Commission

Delaware River Basin Commission

Chesapeake Bay Commission

Total - Grants and Subsidies

STATE FUNDS

FEDERAL FUNDS

AUGMENTATIONS

RESTRICTED REVENUES

GENERAL FUND TOTAL

MOTOR LICENSE FUND:

General Government:

Dirt and Gravel Roads

MOTOR LICENSE FUND TOTAL

OTHER FUNDS:

GENERAL FUND:

Safe Drinking Water Account

ACID MINE DRAINAGE ABATEMENT AND TREATMENT FUND:

Acid Mine Drainage Abatement and Treatment (F) (EA)

DEPARTMENT TOTAL - ALL FUNDS

GENERAL FUND

SPECIAL FUNDS

FEDERAL FUNDS

AUGMENTATIONS

RESTRICTED

OTHER FUNDS

TOTAL ALL FUNDS

Environmental Protection

and Appropriation

(Dollar Amounts in Thousands)

2010-11 ACTUAL 2011-12 AVAILABLE 2012-13 BUDGET

\$ 14,800 \$ 15,000 \$ 15,200
 413 630 680
 154 75 75
\$ 15,367 \$ 15,705 \$ 15,955

21,325 21,424 22,524
 4,700 4,700 4,700
 2,300 2,300 2,300
 91 85 85
 1,500 1,500 1,500
\$ 29,916 \$ 30,003 \$ 31,109

\$ 36,125 \$ 36,424 \$ 37,724
 7,413 7,630 7,680
 245 160 160
 1,500 1,500 1,500
\$ 45,283 \$ 45,714 \$ 47,064

\$ 1,000 \$ 1,000 \$ 1,000
 2,500 2,500 2,600
 94 94 94
 10 14 16
 490 500 490
 1,000 1,000 1,000
 190 200 200
\$ 5,284 \$ 5,308 \$ 5,400

\$ 41,409 \$ 41,732 \$ 43,124
 7,413 7,630 7,680
 245 160 160
 1,500 1,500 1,500
\$ 50,567 \$ 51,022 \$ 52,464

\$ 4,000 \$ 4,000 \$ 4,000
\$ 4,000 \$ 4,000 \$ 4,000

\$ 549 \$ 658 \$ 470

\$ 5,500 \$ 5,500 \$ 5,500

\$ 41,409 \$ 41,732 \$ 43,124
 4,000 4,000 4,000
 7,413 7,630 7,680
 245 160 160
 1,500 1,500 1,500
 6,049 6,158 5,970
\$ 60,616 \$ 61,180 \$ 62,434

NOTE: In some cases the budget may propose the shifting of appropriations between agencies, departmental reorganizations or the restructuring of appropriations within or between departments. Usually, for ease of comparison, all columns in the budget presentation are shown consistent with the recommendation in the budget year. This means, however, that the amounts shown in the actual and available columns may not be consistent with those shown in accounting reports and appropriation acts. When this occurs, explanations have been included in the footnotes to the Summary by Fund and Appropriation.

Identifies one of a group of special funds which are presented fully in Section C: Summary by Fund. For purposes of this presentation, State funds include the General, Motor License, Banking Department, Boat, Farm Products Show, Fish, Game, Keystone Recreation, Park and Conservation, Lottery, Racing and Tobacco Settlement funds.

Identifies selected restricted accounts.

Identifies one of a group of special funds which are presented on a limited basis in Section H: Other Special Funds Appendix.

Program Presentation

Each Program Presentation provides a written and financial explanation of the activities of the program. Recommendations for the continuation of current programs at essentially current levels of commitment are shown within department program subcategories. Recommendations for major program changes are identified as department Program Revision Requests (PRRs) which provide explanations and justification for the change.

Program Recommendations — Identifies the increases or decreases over the available year funds as presented in the Summary by Fund and Appropriation.

General Government Operations — Identifies a specific appropriation.

PRR — A Program Revision Request identifies a major program change and is explained in more depth in a presentation following the program.

Appropriations within this Program — Identifies all state appropriations which support the activities within the program. Each appropriation appears in only one agency program.

PROGRAM OBJECTIVE: To protect and improve the health and safety of the citizens of the commonwealth from unnecessary radiation from natural and man-made sources, to manage water and mineral resources to prevent destruction and depletion while allowing economic development.

Program: Environmental Protection

This program encompasses the major program elements that help to protect the health and safety of the citizens of the commonwealth as well as the quality of their environment and economic health. These activities are all associated with the department's goals for Clean Air, Clean Water, Land Protection, Community Health and Safety and Sustainable Energy.

Act 68 of 1999, the Environmental Stewardship and Watershed Protection Act, authorized the beginning of the "Growing Greener" program. The goal of this program is to ensure citizens their rights to clean air, to pure water and to the preservation of the natural, scenic, historic and esthetic values of the environment. Expanded activities include the reclamation of abandoned mines, plugging of certain oil and gas wells, protection and restoration of watersheds, and improvements to drinking water and sewer systems.

Program Recommendations:

This budget

\$	200	General Government Operations —to continue current program.
\$	100	Environmental Program Management —to continue current program.
	1,000	—PRR—Rebuilding Pennsylvania's Infrastructure. To provide increased assistance to communities for flood control projects.
\$	1,100	<i>Appropriation Increase</i>

Appropriations within this Program:

	2010-11 Actual	2011-12 Available
GENERAL FUND:		
General Government Operations	\$ 14,800	\$ 15,000
Environmental Program Management.....	21,325	21,424
Sewage Facilities Planning Grants.....	1,000	1,000
Sewage Facilities Enforcement Grants	2,500	2,500
Delaware River Master	94	94
Ohio River Basin Commission	10	14
Susquehanna River Basin Commission ..	490	500
Delaware River Basin Commission	1,000	1,000
Chesapeake Bay Commission	190	190

Program

	2010-11	2011-12
Protection of Air Quality		
Air quality-staff hours per permit.....	193	172
Air quality permits in effect	1,666	1,800
Air emission inspections performed.....	10,656	11,000
Percentage of population in counties attaining the ambient ozone standard.....	67%	67%
Percentage of population in counties attaining the ambient PM-2.5 (fine particulate) standard	44%	44%

Environmental Protection

Identifies the agency being presented.

to improve the quality of the air, water and environment for the Commonwealth, to protect the people from dangerous man-made sources, including occupational and medical sources in a way which ensures against their undue economic benefits from their use.

Objective — A statement of the program's purpose in terms of desired accomplishments.

Program and Management

Program — The agency program focuses upon objectives which can be measured in terms of quantifiable impact.

CLEAN AIR

Program Element: Protection of Air Quality

Program Element — Used within a program narrative to identify sub-program components.

Emissions of air contaminants are closely monitored and controlled by the department to protect public health as required by the Federal Clean Air Act, the Pennsylvania Air Pollution Control Act of 1960 and regulations adopted under the acts. Pollutants of primary concern include ground-level ozone, suspended particulates, sulfur and nitrogen oxides, volatile organic compounds and toxic air pollutants. Only 66 percent of the population of Pennsylvania lives in counties attaining the 8-hour National Ambient Air Quality Standard for ground-level ozone. Forty-four percent of the population lives in counties attaining the federal ambient standard for fine particulate pollution. Small particles and toxic air pollutants they carry with them can aggravate or cause respiratory ailments.

Narrative — Describes program services and activities.

It recommends the following changes: (Dollar Amounts in Thousands)

\$	100	Sewage Facilities Enforcement Grants —to continue current program.
\$	2	Ohio River Basin Commission —to continue current program.
\$	-10	Susquehanna River Basin Commission —nonrecurring project.
\$	10	Chesapeake Bay Commission —to continue current program.

(Dollar Amounts in Thousands)

2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
\$ 15,200	\$ 15,200	\$ 15,200	\$ 15,200	\$ 15,200
22,524	22,524	22,524	22,524	22,524
1,000	1,000	1,000	1,000	1,000
2,600	2,600	2,600	2,600	2,600
94	94	94	94	94
16	16	16	16	16
490	490	490	490	490
1,000	1,000	1,000	1,000	1,000
200	200	200	200	200

Measures

2012-13	2013-14	2014-15	2015-16	2016-17
172	172	172	172	172
2,000	2,350	2,600	2,850	2,850
11,000	11,000	11,000	11,000	11,000
67%	68%	100%	100%	100%
48%	48%	90%	90%	90%

Program Measures — Indicates the expected impact of the proposed budget on services, costs, etc., involved in all programs within the entire agency.

Basis of Budgeting and Basis of Accounting for Financial Reporting

Basis of Budgeting For Control and Compliance – Modified Cash Basis

The commonwealth's budgets are prepared on a modified cash basis that is used to establish and ensure compliance with enacted budgets according to applicable commonwealth statutes and administrative procedures. For each commonwealth operating fund, the total amount appropriated by the General Assembly for a fiscal year may not exceed the fiscal year's estimated revenues available for appropriation, as developed by the Governor, plus the unappropriated surplus fund balance (or less a deficit) of the preceding fiscal year, except for constitutionally authorized debt service payments.

With modified cash basis of budgeting, tax receipts, non-tax receipts, augmentations and all other receipts are recorded at the time cash is received. Expenditures are recorded at the time payment requisitions and invoices are posted to the commonwealth's accounting system. Expenditures include appropriated amounts reserved for payment of contracts for the future delivery of goods and services to the commonwealth through an encumbrance process. Also, appropriated funds are retained at fiscal year-end to pay direct expenditures such as salaries, wages, travel and utility costs payable against a fiscal year's appropriation authority but expended in the subsequent fiscal year.

Budgetary control is exercised at the appropriation level (legislative spending authority level). Encumbrances and expenditures cannot exceed appropriated amounts. Appropriation transfers between departments and any supplemental appropriations require both executive and legislative branch approval. Uncommitted and unexpended appropriations return to the fund balance (lapse) at fiscal year-end and become available for appropriation in the subsequent fiscal year. Over-estimates of amounts required to meet current year obligations are lapsed in the subsequent year and under-estimates are paid from subsequent year appropriations.

Budgets are statutorily adopted each fiscal year for the General Fund and the following special revenue funds: Banking Department, Ben Franklin Technology Development Authority, Emergency Medical Services Operating, Energy Conservation and Assistance, Hazardous Material Response, HOME Investment Trust, Milk Marketing, Motor License, and Workmen's Compensation Administration. However, not all special revenue funds are controlled by statutorily adopted budgets. Controls over spending in such special revenue funds are maintained by use of spending limits (executive authorizations) established by the Governor, within parameters established by the General Assembly. Budgets are also statutorily adopted for the administration of the State Employees' Retirement and Public School Employees' Retirement Funds and for portions of the State Stores, Tobacco Settlement and Tuition Account Guaranteed Savings Program Funds.

The commonwealth also makes appropriations to authorize expenditures for various capital projects. Capital project appropriations normally remain in effect until the completion of each project unless modified or rescinded.

Basis of Accounting for Financial Reporting – GAAP Modified Accrual Basis

In addition to the budgetary basis financial information maintained by the commonwealth to monitor and enforce budgetary control, special account balances, principally receivable and payable items, are maintained to provide and report information in conformity with generally accepted accounting principles (GAAP) applicable to state and local governments. GAAP requires a modified accrual basis of accounting for governmental fund types. With modified accrual basis accounting, revenues are recognized when they become both measurable and available to finance expenditures. Expenditures are generally recognized and recorded when a liability to make a payment is incurred, regardless of when the cash disbursement is to be made. For proprietary and fiduciary fund types, GAAP requires a full accrual basis of accounting.

Accounting Differences in GAAP Financial Reporting versus Budgetary Reporting

Revenues and expenditures reported and included in GAAP financial statements differ from those reported in the commonwealth's budgeting system. Among other differences, the GAAP statements generally recognize revenues when they become measurable and available rather than when cash is received; report expenditures when goods and services are received and a liability incurred rather than when cash is disbursed; include government-wide statements, representing aggregate governmental activities of the commonwealth, along with fund statements, including individual major and aggregate nonmajor funds grouped by GAAP fund type rather than by commonwealth funds; and include activities of all funds in the financial reporting entity, including agencies and authorities usually considered as independent of the commonwealth for budgetary accounting and reporting purposes. GAAP financial accounting generally requires sales/use, personal income, corporation and other tax revenue accruals as well as tax refunds payable and tax credits to be subtracted from reported tax revenues; and expenditures not covered by appropriations to be included as expenditures.

Significant Financial Policies

A summary of significant financial management policies of the commonwealth is presented here:

Accounting – Accounting policies are noted in the Basis of Budgeting and Basis of Accounting for Financial Reporting section immediately preceding this section. In addition to the budgetary basis financial information maintained by the commonwealth to monitor and enforce budgetary control, special account balances, principally receivable and payable items, are maintained to provide and report information in conformity with accounting principles generally accepted in the United States applicable to governments. The Governmental Accounting Standards Board establishes accounting and financial reporting requirements for state and local governments.

Budget Stabilization Reserve Fund – Act 91 of 2002 provided for this fund effective July 1, 2002 to eventually establish a reserve fund amounting to 6 percent of the revenues of the General Fund. For the fiscal year beginning July 1, 2002 and in any fiscal year thereafter in which the Secretary of the Budget certifies that there is a surplus in the General Fund, 25 percent of the surplus is to be deposited by the end of the next succeeding quarter into this fund. In certain fiscal years legislation has provided for a transfer of an amount not equal to 25 percent for that fiscal year. Act 26 of 2011 suspended the transfer to the Budget Stabilization Reserve Fund for the most recent fiscal year ending June 30, 2011. Additional information on this fund, commonly referred to as the Rainy Day Fund, is found in Section A.1.

Investments – Investment Pools – The Fiscal Code provides the Treasury Department with investment control over most commonwealth funds. The Treasury Department uses a variety of sophisticated internal investment pools that seek to provide preservation of principal, liquidity, diversification and income for commonwealth funds. All participating funds report amounts invested in such pools as temporary and/or long-term investments; the pools themselves are not financially reported.

Debt Issuances – The commonwealth constitution permits debt to be issued for capital projects in approved capital budgets; purposes approved by voter referendum and response to disasters. The constitution limits outstanding capital budget debt to 1.75 times the average tax revenues during the previous five fiscal years. Voter approved and disaster relief debt are not subject to the constitutional debt limit. Capital projects addressing health, safety and public protection receive top priority for activation. Additional information on public debt and debt policies is found in the Section G Public Debt.

Debt Policy – The commonwealth's very conservative public debt policies date back to the 1980's:

- General Obligation pledges are the preferred source of security.
- referendum questions should be submitted to the voters for critical needs only.
- moral obligation pledges should not be provided.
- revenue pledges are to be used by independent agencies.
- lease revenue debt should be used only when budgetary restraints prohibit the use of current revenue funding.
- debt service should not exceed four percent of revenues.
- highway projects should be funded from current revenues.
- capital projects addressing health, safety and public protection receive top priority for activation, followed by renovations to existing facilities.

In addition, the commonwealth never entered into swaps, and 100 percent of its outstanding General Obligation debt is in fixed rate debt – no variable rate, auction rate or other exotic debt instruments are used. The 2008 Financial Crisis and the freezing of capital markets did not adversely impact the commonwealth due to its conservative portfolio of debt.

Additional detail on these financial policies can be found in other sections of this document including the Section A Overview and Summaries, Section F Capital Budget, Section G Public Debt and Section H Other Special Funds Appendix.

Terms Used in the Budget Process

Accrual: The accounting recognition of revenue or expenditures/expense amounts prior to cash receipt of revenue or cash disbursements for expenditures/expenses. Accruals are based on the delivery of a good or completion of a service by a specific date for which related cash receipts or disbursements have not yet occurred. Accruals are typically posted at the end of an accounting period and are reversed during a subsequent accounting period.

Agency Program Plan: The aggregation of program and financial information projected over a five-year period which serves as the agency input into the Commonwealth Program Plan.

Appropriation: Legislation requiring the Governor's approval authorizing an agency, department, board, commission or institution to spend a specified amount of money for a stated purpose or purposes during a particular period of time, usually one fiscal year.

Augmentation: Monies such as institutional billings or fees credited to a specific appropriation of state revenues. An augmentation can usually be spent for those purposes authorized for the appropriation it augments. Although augmentations usually are appropriated in general terms with no specific dollar limits, federal aid monies must be appropriated specifically.

Authorized Salaried Complement: A complement authorization established by the Governor's Budget Office as part of the annual rebudget process and based on funding and agency justification for positions.

Balanced Budget: A budget in which proposed expenditures equal actual and estimated revenues and surplus. The Constitution of Pennsylvania requires the Governor to submit a balanced budget and prohibits the General Assembly from appropriating monies in excess of actual and estimated revenues and surplus.

Budget: A statement of the state's program plan, the resources necessary to support that plan, a description of how and for what purposes the resources are to be used and a projection of the effects of the programs on people and the environment.

Budget Type: A term used to describe the components of various funding sources and status of the funding sources that determine the total funds available for each Commonwealth appropriation or executive authorization. Budget Types include:

- **Appropriation or Executive Authorization** – The amount provided in an enacted appropriation bill or executively authorized and issued in approved Expenditure Symbol Notification letters.
- **Estimated Augmentations** – The amount made available in an approved allocation or allocation amendment to supplement an Appropriation or Executive Authorization from non-Federal sources.
- **Federal Transfers** – The amount of expenditures anticipated to occur in the State Appropriation or Executive Authorization in the first instance and then transferred to a related Federal Appropriation or Executive Authorization.
- **Non-Federal Transfers** – The amount of expenditures anticipated to occur in the State Appropriation or Executive Authorization in the first instance, and then transferred to another State Appropriation or Executive Authorization or Other Funds source within the same or a different Commonwealth Fund.
- **Pending Lapse** – The amount of funds from an Appropriation or Executive Authorization that may potentially lapse. These funds are no longer available for expenditure or commitment.
- **Lapse** – The amount of funds from the Appropriation or Executive Authorization for which a lapse has been processed and approved. These funds are no longer available for expenditure or commitment.
- **Federal Expiration** – The amount of lapse of Appropriation or Executive Authorization authority from a Federal Appropriation or Executive Authorization.
- **Budget Carry Forward** – The amount of prior year available funds that have carried forward to a new fiscal year.

Capital Authorization: The appropriations and/or debt authorization enacted in an annual capital budget to fund any permitted capital program.

Capital Budget: The capital budget is that portion of the state budget that deals with projects for the construction, renovation, improvement, acquisition and original furniture and equipment of any building, structure, facility, land or land rights. Projects must have an estimated useful life in excess of five years and an estimated cost in excess of \$100,000 or more if bond funds are used and \$300,000 or more when current revenues are used. Those projects

under these thresholds are not considered capital and are funded from operating budgets. Most of the capital budget projects in the past have been paid from monies obtained by the sale of bonds.

Character of Expenditure: A classification of appropriations according to their general purpose: general government, institutional, grants and subsidies, capital improvements and debt service.

Commonwealth Program Plan (CPP): The aggregation of all of the Agency Program Plans (APP) within the framework of the Commonwealth's program structure.

Complement: A term synonymous with state personnel or workforce, more often used in the context of positions rather than employees or persons employed.

Complement Level: The number of full-time equivalent wage or salaried positions authorized by appropriation and agency. The Governor's Budget Office establishes authorized salaried complement levels and the Governor's Office of Administration establishes authorized wage complement levels.

Current Commitment: Current level of services; when used in projecting costs, the future cost consequences of current program policy. Also referred to as "Cost to Carry."

Deficit: A fiscal operating result for an individual fund that may occur at the end of a fiscal year, whereby expenditures for a fiscal year exceed the actual revenues during the same period plus the prior year surplus. The deficit must be paid from the next year's revenues.

Encumbrance: That portion of an appropriation representing a commonwealth obligation or commitment pursuant to a contract, a purchase order, a grant or another known obligation but where an actual disbursement has not been made.

Executive Authorization: An authorization made in the name of the Governor to spend money from funds which had been previously appropriated through blanket action of the General Assembly. Usually this term is used in connection with the special funds. An example of this would be the operations of the Vocational Rehabilitation Fund.

Expenditure: An accounting entry indicating a disbursement has been made.

Federal Fiscal Year (FFY): A twelve-month period beginning October 1 and ending September 30 of the following calendar year which is used as the federal accounting and appropriation period. Referred to by the year in which the fiscal year ends. For example, October 1, 2011 to September 30, 2012 would be FFY 2012.

Federal Funds Appropriation: An appropriation of monies received from the federal government. All monies, regardless of source, deposited in the state treasury must be appropriated. Federal funds are appropriated for a specific time period.

Fiscal Year: A twelve-month period beginning July 1 and ending June 30 of the following calendar year which is used as the state's accounting and appropriation period. In the accounting system, referred to by the year in which the fiscal year begins, for example, July 1, 2011 to June 30, 2012 would be Fiscal Year 2011. In the budget document, referred to by using both calendar years in which the fiscal year spans, for example, July 1, 2011 to June 30, 2012 would be Fiscal Year 2011-12.

- **Actual Year** – Includes all expenditures and encumbrances chargeable to that fiscal year as of June 30 of the previous year plus available balances held for certain commitments and any supplemental appropriations enacted after June 30. In the case of continuing appropriations, the actual figure will also include any available balances. For non-appropriated and non-executively authorized restricted receipts and restricted revenues, it reflects expenditures only.
- **Available (Current) Year** – For state funds, includes amounts appropriated to date and supplemental appropriations recommended in this budget. For non-appropriated and non-executively authorized restricted receipts and restricted revenues, the best estimate of expenditures currently available is used.
- **Budget Year** – Reflects the amounts being recommended by the Governor in this document for the next fiscal year.
- **Planning Years 1, 2, 3 and 4** – Reflects only the cost of the budget year projected into the future and the implementation of legislatively mandated increases which may be effective in a future year.

Full-time Equivalent: A numeric unit that indicates the workload of an employed person in a way that makes full- and part-time workloads comparable. A full-time worker is equivalent to one FTE and two half-time workers are also equivalent to one FTE. For budgeting purposes, an agency's total FTE count is rounded to the nearest integer.

Fund: An independent fiscal and accounting entity comprising a source of money set aside by law for the purpose of carrying on specific activities in accordance with special regulations, restrictions or limitations. A fund is created by legislation. The General Fund is the fund from which most state programs are financed.

Fund Balance: The beginning balance is the ending balance brought forward from the previous year. The ending balance (positive or negative) is the sum of the beginning balance, revenues/receipts and lapses less expenditures within the fiscal year.

General Appropriation Act: A single piece of legislation containing numerous individual appropriations. The General Appropriation Act contains only appropriations for the executive, legislative and judicial departments of the commonwealth, for the public debt and for public schools. All other appropriations are made by separate acts, each concerning one subject.

General Fund: The fund into which the general (non-earmarked) revenues of the state are deposited and from which monies are appropriated to pay the general expenses of the state.

Goal: A goal is a desired state of affairs based upon current knowledge and values. It is timeless in the sense that as achievement approaches, goals tend to be restated at a higher level of aspiration or new goals are projected. Goals reflect the basic values of society and are therefore always culture bound and subjective.

Initiative: (see also the definition of Program Revision Request) Changes in program purpose, level or activity as the result of changes in policy, statute, regulation or court direction which result in dollar increases or decreases too low to require submission of a Program Revision Request (i.e., less than \$200,000 or 15 percent of an appropriation, whichever is greater) are identified as Initiatives. Cost increases to operate an existing program without change in policy, law or regulation such as increased fuel costs at an institution or increased rental costs for regional offices are current commitment costs and are not identified as Initiatives.

Item Veto: The constitution of Pennsylvania empowers the Governor to disapprove part or all of any item or items of any bill making appropriations of money. The part or parts of the bill approved become law and the item or items disapproved become void. This power is known as the item veto.

Lapse: The return of unencumbered or unexpended monies from an appropriation or executive authorization to the fund from which the money was appropriated. Most appropriations are for one fiscal year and any unencumbered and unexpended monies usually lapse after the end of that fiscal year.

Limited-Term Salaried Position: A salaried position that has a specific date of expiration, regardless of duration, that requires the temporary, full- or-part time employment of at least one person.

Mandated Expenditures: Expenditures that are authorized and required by legislation, other than appropriation acts, or required by the state constitution. Such expenditures include payment of public debt.

Nonpreferred Appropriations: An appropriation to any charitable or educational institution not under the absolute control of the commonwealth which requires the affirmative vote of two-thirds of the members elected to each House of the General Assembly.

Objective: A statement of program purposes in terms of desired accomplishments measured by outcome indicators. Ideally accomplishments are intended effect (impact) upon individuals, the environment and institutions. The intended effect should be quantifiable and achievable within a specific time and stated resources and contribute toward pursuing the goals of the commonwealth. Objectives are found at the program subcategory level.

Official Revenue Estimate: The estimate of revenues for the coming fiscal year determined by the Governor at the time he signs the General Appropriation Act. This revenue estimate is used to determine whether appropriations are in balance with available revenues.

Operating Budget: The operating budget is that portion of the state budget that deals with the general day to day activities and expenses of state government, paid out of revenues derived from taxes, fees for licenses and permits, etc.

Position: An authorized and individually identified group of duties and responsibilities requiring the full- or part-time employment of at least one person.

Preferred Appropriation: An appropriation for the ordinary expenses of state government which only requires the approval of a majority of the Senators and Representatives elected to the General Assembly.

Program: A general term applied to any level of program aggregation defined in the Agency Program Plan. Included are the Commonwealth Program, the Program Category and the Program Subcategory.

Program Budgeting: A method of budgeting that relates expenditures to government program accomplishments. Program budgeting generally includes the identification of programs and their objectives, a system of measuring and reporting program results and the allocation of funds with a consideration of program effectiveness.

Program Category: The first major subdivision of the commonwealth program. The program category is defined in terms of desired goals, e.g., clean air environment.

Program Element: The agency activity or set of activities which produce an output or group of related outputs which contributes to the accomplishment of the objective of a single program subcategory. Program elements are the basic units of the program structure of the budget.

Program Performance Measure: A general term applied to any of the substantive measures found in the agency programs. Included are impacts, outcomes, output/activity indicators, efficiency measures and need and/or demand estimators.

Program Policy Guidelines (PPG): Issued by the Governor, the policy guidelines identify those problems confronting the commonwealth which are of major concern. The guidelines initiate the budget process in that they ask for a preliminary assessment of alternative program changes which respond to the Governor's concerns.

Program Revision Request (PRR): The PRR is the means by which the agency proposes a new program or a major change in an existing program. A PRR is required when an agency is requesting an increase or decrease of more than 15% of an appropriation, but a PRR is not required if that 15% does not exceed \$200,000. The PRR reflects the guidance provided by the Governor's annual Program Policy Guidelines, results obtained from special analytic studies, and needs or demands considered relevant by the Governor.

Program Structure: The system used to organize goals and objectives within a logical framework so that activities of different organizational units designed to accomplish similar results can be reviewed for decision purposes within the appropriate program context. Program structure also provides the means for determining what information is required in order to identify the needs and demands on government and what information is required for the management and evaluation of program operations.

Program Subcategory: A subdivision of a program category. The subcategory focuses upon objectives which can be measured in terms of quantifiable impact. Program subcategories within agencies are called programs within the Governor's Budget.

Rebudget: An agency-revised spending plan based on its enacted appropriations. The Governor's Budget Office has the authority to request and approve agency spending plans or rebudgets.

Restricted Receipts: Monies received by a state fund (usually the General Fund) from a source outside of the state which may be used only for a specific purpose. The funds are held in a trust capacity for a period of time and then are disbursed to authorized recipients including other state agencies. Restricted receipts do not augment an appropriation. Usually the state makes no other appropriation for the purpose specified for the restricted receipt.

Restricted Revenue: Monies designated either by law or by administrative decision for specific purposes. The revenues are deposited in the General Fund or in certain special funds but reported separately. Restricted revenue accounts continue from one year to the next and finance a regular operation of state government. Disbursements from restricted revenue accounts must be accounted for as expenses of state government.

Revenue: Monies received from taxes, fees, fines, federal grants, bond sales and other sources deposited in the state treasury and available as a source of funds to state government.

Salaried Position: A position requiring the full- or part-time employment of at least one person on a regularly scheduled basis for a period of time exceeding six months.

Special Fund: A fund in which revenues raised from special sources named by law are deposited (earmarked revenue). Such revenues can be spent only for purposes prescribed by law and for which the revenues were collected. Examples are: Motor License Fund, Game Fund and Boat Fund.

Surplus: A fiscal operating result that may occur in a fund at the end of a fiscal year, whereby expenditures are less than the fund's beginning balance, revenues/receipts and lapses during the same period. The surplus funds become available for appropriation during the following fiscal year.

Wage Position: A position requiring the full- or part-time employment of one person, either on a regular schedule for a limited duration of time or on an intermittent or irregularly scheduled basis without regard to the employment duration.

Workforce: Persons employed by the commonwealth.

Federal Funds Identification

The most common abbreviations used to identify federal funds in this document are:

ADA	Americans with Disabilities Act
ARC	Appalachian Regional Commission
ARRA	American Recovery and Reinvestment Act
BG	Block Grant
CCDFBG	Child Care and Development Fund Block Grant
CHIPRA	Children's Health Insurance Program Reauthorization Act
COPS	Community Oriented Policing Services
CSBG	Community Services Block Grant
DCSI	Drug Control and Systems Improvement
DFSC	Safe and Drug Free Schools and Communities
DOE	Department of Energy
EDA	Economic Development Administration
EEOC	Equal Employment Opportunity Commission
EMAC	Emergency Management Assistance Compact
EMS	Emergency Medical Services
EPA	Environmental Protection Agency
EPCA	Energy Policy and Conservation Act
ESEA	Elementary and Secondary Education Act
FEMA	Federal Emergency Management Agency
FFY	Federal Fiscal Year (October 1 to September 30)
FHWA	Federal Highway Administration
FTA	Federal Transit Administration
HIPAA	Health Insurance Portability and Accountability Act
HHS	Health and Human Services
HUD	Department of Housing and Urban Development
ID	Intellectual Disabilities
JAG	Justice Assistance Grants
LIHEABG	Low-Income Home Energy Assistance Block Grant
LSTA	Library Services and Technology Act
LWCF	Land and Water Conservation Fund
MA	Medical Assistance
MAGLOCLEN	Middle Atlantic Great Lakes Organized Crime Law Enforcement Network
MCH	Maternal and Child Health
MCHSBG	Maternal and Child Health Services Block Grant
MH/MR	Mental Health/Mental Retardation Services
MHSBG	Mental Health Services Block Grant
MR	Mental Retardation
NCHIP	National Criminal History Improvement Program
NEA	National Endowment for the Arts
NICS	National Instant Check System
NSF	National Science Foundation
OEP	Office of Emergency Preparedness
OSM	Office of Surface Mining
PHHSBG	Preventive Health and Health Services Block Grant
RSAT	Residential Substance Abuse Treatment
SABG	Substance Abuse Block Grant
SAFETEA	Safe, Accountable, Flexible and Efficient Transportation Equity Act
SCDBG	Small Communities Development Block Grant
SDA	Service Delivery Area
SSA	Social Security Act
SSBG	Social Services Block Grant
SSI	Supplemental Security Income
TANFBG	Temporary Assistance to Needy Families Block Grant
USFWS	United States Fish and Wildlife Service
VA	Veterans Administration
VOCA	Victims of Crime Act
WIA	Workforce Investment Act
WIC	Women, Infants and Children Program
YDC	Youth Development Center

Website Links to Commonwealth Agencies

To learn more about state agencies, their missions, programs and funding, visit their websites by choosing links below.

[Aging](#)

[Agriculture](#)

[Attorney General](#)

[Auditor General](#)

[Banking](#)

[Civil Service Commission](#)

[Community and Economic Development](#)

[Conservation and Natural Resources](#)

[Corrections](#)

[Drug and Alcohol Programs](#)

[Education](#)

[Emergency Management Agency](#)

[Environmental Protection](#)

[Ethics Commission](#)

Executive Offices

[Office of Administration](#)

[Office of General Counsel](#)

[Office of Inspector General](#)

[Office of the Budget](#)

[Commission on Crime and Delinquency](#)

[Council on the Arts](#)

[Juvenile Court Judges Commission](#)

[Fish and Boat Commission](#)

[Game Commission](#)

[Gaming Control Board](#)

[General Services](#)

[Governor's Office](#)

[Health](#)

[Higher Education Assistance Agency](#)

[Historical and Museum Commission](#)

[Infrastructure Investment Authority \(PENNVEST\)](#)

[Insurance](#)

[Judiciary](#)

[Labor and Industry](#)

[Legislature](#)

[Liquor Control Board](#)

[Lt. Governor's Office](#)

[Military and Veterans Affairs](#)

[Milk Marketing Board](#)

[Probation and Parole Board](#)

[Public School Employees Retirement System](#)

[Public Utility Commission](#)

[Public Welfare](#)

[Revenue](#)

[State](#)

[State Employees Retirement System](#)

[State Police](#)

[Transportation](#)

[Treasury](#)

Website Links to the Information Dashboards, the Budget in Brief and the Governor's Budget Address

Budget Dashboard

The Budget Dashboard allows readers to review graphical presentations of the total commonwealth budget and its revenue and expenditure categories and all agency funding recommendations included in the Governor's Executive Budget.

The Budget Dashboard website link:

<http://www.budget.state.us>

Click on the Open Government Website icon; then click on the State Budget box.

State Performance Dashboard

The State Performance Dashboard allows readers to review the activities and accomplishments of 30 commonwealth agencies and see state government efforts to deliver quality services and improve the lives of Pennsylvania's citizens. The dashboard is organized into seven goal areas: education, economic development, health and human services, the environment, public safety, consumer protection and government efficiency. It summarizes agency key objectives and presents results for dozens of distinct measures. This emphasis on accountability is especially important in today's uncertain economy when state resources are stretched thin and every dollar must be spent wisely.

The 2010-11 State Performance Dashboard website link:

<http://www.budget.state.us>

Click on the Open Government Website icon; then click on the Performance Report box.

Workforce Statistics Dashboard

The State Government Workforce Statistics Dashboard allows readers to review graphical presentations of workforce statistics for agencies under the Governor's jurisdiction, including general employment trends, equal employment opportunity elements, comparison of labor unions, employee mobility patterns and detailed employment characteristics. It also compares the number of Pennsylvania state employees to the workforces of other state governments.

The 2012 State Government Workforce Statistics Dashboard website link:

<http://www.budget.state.us>

Click on the Open Government Website icon; then click on the Workforce Statistics box.

Budget in Brief

The Budget in Brief booklet provides summary information on the major themes in the 2012-13 Governor's Executive Budget, including recommended program changes and funding levels in pursuit of the administration's policy and program direction for the commonwealth.

The 2012-13 Budget in Brief website link:

<http://www.pa.gov>

Click on the 2012-2013 Proposed Budget link; then click on the 2012-13 Budget in Brief link shown under the Current and Proposed Commonwealth Budgets heading.

Governor's Budget Address

Governor Corbett's 2012-13 Budget Address website link:

<http://www.pa.gov>

Click on the 2012-2013 Proposed Budget link; then click on the 2012-13 Proposed Budget News Releases and Governor's Address link shown under the Current and Proposed Commonwealth Budgets heading.



Commonwealth of Pennsylvania

Governor's Executive Budget

OVERVIEW
AND
SUMMARIES

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FISCAL AND PROGRAM POLICY DIRECTION AND BUDGET THEMES

The Governor's 2012-13 Program Policy Guidelines issued in August 2011 defined major policy issues, stated program priorities and provided direction to commonwealth agencies for the preparation of 2012-13 agency budget requests. The Fiscal and Program Policy Direction section immediately following this page presents the fiscal and program policies that guided the development of the 2012-13 Governor's Executive Budget. The revenue and expenditure recommendations included in this budget provide a solid fiscal foundation for the governor to successfully address his vision, goals and program priorities for Pennsylvania.

This section summarizes the governor's recommended budget initiatives within the following budget theme presentations: On the Path to Prosperity; JOBSFirst PA: Robust Employment, Growing Industry, Vital Economy; JOBSFirst PA: A Comprehensive Workforce Strategy; Education in Pennsylvania: Changing the Culture; Preserving the Safety Net; and Criminal Justice and Public Safety. Theme topics vary from year to year based on the funding priorities established by the governor and the recommended budget initiatives proposed in the budget. Themes may include program revision budget recommendations. If so, detailed program revision presentations, including discussion of the program revision and its associated program measures, funding recommendations and costs by appropriation can be found in Section E: Department Presentations within the agency responsible for leading the program revision implementation.

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Fiscal and Program Policy Direction

This section presents the fiscal and program policies that guided the development of the 2012-13 Governor's Executive Budget. The commonwealth faced significant financial challenges during the past fiscal years and in response instituted operating and program reductions to help address significant budget shortfalls. The ongoing weak national and state economies will again impact state revenues and program spending levels in 2012-13. Nonetheless, agencies are expected to rise to the challenge to continue to efficiently and effectively provide quality services to Pennsylvania citizens.

Two key budget development policy documents were issued by the Governor's Budget Office in August 2011 to assist agencies develop their 2012-13 budget requests – the annual Budget Instructions and the Program Policy Guidelines.

Budget Instructions

The 2012-13 Budget Instructions directed agencies to prepare budget requests consistent with the governor's policy guidance and seek responses to the specific issues that the governor wished to address in the 2012-13 Governor's Executive Budget. Agencies were to develop plans and policies designed to make government more efficient and effective. In addition, agency requests were to reflect each agency's ongoing critical evaluation of its current programs and activities and include proposed reductions, revisions, reorganizations and expansions in programs consistent with that critical evaluation. Agencies were to prepare 2012-13 budget requests building upon the administrative spending constraints and operational efficiencies initiated during the past budget planning cycle and make every possible effort to eliminate nonessential spending and deliver essential services at reduced cost.

The instructions directed agency heads, program managers and fiscal officers to closely coordinate all aspects of the development of agency budget requests. All data and analysis required to adequately explain and defend requests should be included in the budget request. Agency budget planning should focus on specific budget proposals to improve the efficiency and effectiveness of program operations and to ensure that program delivery is consistent with the governor's policy guidance and the mission and goals of the commonwealth.

The budget instructions also provided guidance on the submission of capital budget project requests. When proposing capital projects, agencies should consider the broader operating program objectives and outcome measures the capital project was intended to serve. Agencies were told that no capital project requests would be recommended for funding unless their requests included a detailed estimate of annualized operating cost changes or impacts, including new positions required, that would result from completion of the capital project.

In addition, agencies were directed to strengthen their multi-year planning efforts to realistically reflect future-year consequences of actions proposed in their 2012-13 budget requests. Expected trends in eligible populations served, mandated service levels and the potential for improved program and/or administrative efficiencies were among the factors agencies should consider when preparing multi-year projections.

Program Policy Guidelines

The 2012-13 Program Policy Guidelines provided more specific fiscal and program direction to the agencies. Agency budget planning for 2012-13 was to be predicated on the fact that the Pennsylvania economy was still in recovery and had not yet emerged from the "Great Recession." Therefore, agencies should not assume funding increases for the 2012-13 fiscal year and should continue to evaluate current programs and recommend changes that would improve program management and operations, reduce costs and optimize direct services.

The guidelines directed agencies to:

- Request general government operations and administrative appropriations at levels that do not exceed 2011-12 enacted budget amounts.
- Identify efficiencies, consolidations or other personnel cost reductions sufficient to offset in a realistic and sustainable manner any requested increase in operating and fixed asset spending.
- Assess current responsibilities and functions and propose opportunities for outsourcing, privatization, public-private partnerships or competition.

- Manage 2011-12 complement, including requests to fill 2011-12 vacancies, in a prudent manner that will keep budget requests within the levels specified by this guidance.
- Request discretionary programs not statutorily set by the state or not a federal requirement at levels that do not exceed enacted 2011-12 budget amounts.
- Keep program revision requests requiring new or increased funding within existing 2011-12 funding levels through offsetting savings that are realistic and sustainable.
- Not request additional state funding to replace lost or reduced federal funding.

The guidelines noted that Governor Corbett was committed to reducing the cost of operating state government by 10 percent over four years. Therefore, in the second year of the governor's administration, agencies should continue to identify efficiencies and strategies that would result in permanently reducing overall filled complement levels. In addition, continuing budgetary pressures would require agencies to prudently manage complement in the current fiscal year and demonstrate restraint in filling positions. Any significant increases in filled complement levels would be closely scrutinized to determine the reason for the increase. Agencies found not operating in the most prudent manner by prioritizing and filling only the most critical positions would be subject to more stringent complement controls up to and including temporary or permanent reductions in authorized complement.

The 2012-13 budget planning process continued to emphasize performance measurement goal-setting as a core component of budget planning. Agencies were directed to highlight in their budget requests their overall approach to programming within the framework of a strategic plan. Highlights should include specific proposals to improve the efficiency and effectiveness of program operations, initiatives and changes in program direction, and the way proposals relate to agency mission, goals and objectives. Agencies also were told to refine and improve program performance measures so that the Governor's Budget Office could better assess agency program effectiveness, efficiency and base program activity levels. The primary goal of the budget review process was to evaluate the impact each agency's proposed expenditure levels would have on the achievement of its mission and programmatic goals, utilizing the most efficient methods possible.

In addition, agencies were not to propose new information technology projects unless the projects were approved through the IT strategic review process managed by the Office for Information Technology. Project requests not approved by OIT would not be funded through the budget process.

Finally, the guidelines noted that Pennsylvania, like most other states, was facing a protracted economic recovery that will take considerable time and effort to address. The direction given was consistent with fiscal realities and addressed the commonwealth's 2012-13 budget challenges head on. The principles of fiscal discipline, limited government and free enterprise guiding 2012-13 budget planning will allow the administration to focus on the core functions and responsibilities of state government and to ensure future growth and prosperity for all Pennsylvanians.

The reader is referred to the agency program presentations in Section E: Department Presentations for specific budget recommendations for each program appropriation. The reader is also referred to the 2012-13 Budget in Brief, a separate booklet, for summary information on the 2012-13 Governor's Executive Budget, including recommended program changes and funding levels in pursuit of the administration's policy and program direction for the commonwealth.

On the Path to Prosperity

Pennsylvania, like many other state and local governments, continues to face severe fiscal challenges as the nation and the world try to emerge from the Great Recession. The 2012-13 budget puts Pennsylvania on a path to prosperity by aligning resources with the core functions and priorities of government: providing economic opportunities, education, public safety and individual responsibility and opportunity. The commonwealth's financial situation and the national efforts to address financial challenges also have provided the impetus for Pennsylvania to truly align state expenditures with available revenue. This budget closes a projected revenue shortfall of more than \$700 million and controls state spending. This budget puts Pennsylvania on solid fiscal footing to manage through the next several years of modest economic growth and prioritizes initiatives around economic development, job creation and workforce training. Just as important, it continues to lay the foundation for the restructuring of state government that is necessary to adapt to changing federal, state and local government relationships expected over the next decade.

Overall, the 2012-13 budget balances spending across the core functions of state government and provides resources to effectively meet state government priorities. The budget effectively supports job creators, public education, human services and public safety. Our key needs are met in a constrained fiscal environment with no new taxes or burdens on families and businesses. Spending is aligned with revenue, again with honest accounting and financial projections. Most important, the 2012-13 budget continues to transform the way government delivers products and services through greater use of block grants and increased flexibility for grant recipients, streamlining of government agencies and proposed privatization of certain activities or services.

Priority Investments for Pennsylvanians

A state's spending and overall fiscal management are important components of its overall business climate and contribute to an overall image. Research and experience have shown that fiscally well-managed states – those that constrain spending and reduce taxes – are also leaders in economic performance. This budget focuses on building a strong fiscal foundation for economic resurgence. To support job creation in the commonwealth and assist with the state's economic recovery, this budget contains, as did last year's budget, no increase in taxes or additional burdens on job creators. In fact, through process improvements and regulatory reform efforts over the past year, it is now easier to do business within Pennsylvania than ever before. Even in challenging economic times with pressures to continue spending beyond our means, this budget continues the phase-out of the Capital Stock and Franchise Tax, which impacts the competitiveness of virtually every company in the state. Key tax credit programs are maintained at effective levels, such as the Research and Development Tax Credit, the Job Creation Tax Credit, the Film Production Tax Credit, and the Neighborhood Assistance Program. This budget maintains investments in new business formation and entrepreneurship through programs like the Ben Franklin Technology Partners, Discovered in PA, Developed in PA (D2PA) and the Life Sciences Greenhouses. Competitive economic development incentive programs and systems are supported through PA First and the Partnerships for Regional Economic Performance, or PREP. Workforce development systems are enhanced and focused on high-demand careers.

This budget significantly transforms the commonwealth's investment in basic education by providing greater flexibility in funding to local school districts and creating the ability to focus that funding on students and student achievement. Complementing the new funding approach is an investment in systems to provide real-time student reporting so that school funding is more closely aligned with the actual number of students being served. Investments in student, teacher and administrator assessments and evaluations will support improved student achievement. While financial pressures led to a reduction in overall higher education funding, student aid grants were maintained, as was sustainable funding for higher education programs that directly facilitate job placements through such institutions as the Pennsylvania College of Technology, the Thaddeus Stevens College of Technology and the Community Education Councils. Furthermore, the administration has created an Advisory Commission on Postsecondary Education to evaluate what is needed, or not needed, to ensure a robust and responsive postsecondary education community focused on serving the students and citizens as well as the business community of Pennsylvania.

This budget reflects the commonwealth's commitment to public safety by level funding of the Department of Corrections and by providing funding for 115 new Pennsylvania State Police troopers. This support provides both agencies with adequate resources and staffing to combat crime. The budget also increases funding for the Pennsylvania Board of Probation and Parole to support the effective transition of offenders from incarceration to our communities while protecting the public. This focus on transition and community supports is just one component of a broader criminal justice reinvestment strategy supported in this budget. Homeland security

Overview: On the Path to Prosperity

operations are enhanced through greater integration with the Pennsylvania State Police, and overall emergency management capabilities are enhanced through the addition of new staff this year.

The budget is built to transform the public welfare system and to right-size it into a performance- and accountability-based safety net for the truly needy. It is focused on individual and family responsibility and opportunity, along with a strong work ethic, as the indispensable ingredients for prosperity and a flourishing commonwealth. To achieve this vision, this budget includes significant program modifications and adjustments in Department of Public Welfare programs. These program modifications include incentives for transitioning to work, and they eliminate incentives for individuals to remain on public assistance. A number of cost-saving initiatives are also included in the budget, such as reducing payment rates for providers – all done to ensure that limited resources are maximized and are available to those Pennsylvanians most in need.

Financial Challenges

The 2011-12 enacted budget assumed there would be a 2012-13 General Fund beginning balance of nearly \$420 million. This beginning balance would have helped to address the remaining structural deficit and ease the transition of sizing Pennsylvania state government to available revenues. However, revenue collections midway through the 2011-12 fiscal year are below estimate, and current projections provide for a beginning balance of less than \$100 million in 2012-13.

Shortly after the 2011-12 budget was enacted, the continuing weakness of the economic recovery caused the erosion of the assumptions upon which the budget's revenue estimates were built. By the midpoint of the fiscal year, most economists had significantly lowered their forecasts for U.S. economic growth for 2011 and 2012. The forecasting firm Global Insight made the following adjustments in December 2011 to its May forecast for fiscal year 2011-12. Real Gross Domestic Product growth, originally estimated at 3 percent, was cut almost in half to 1.7 percent. Consumer expenditure growth, originally estimated at 4.7 percent, was revised downward to 4.2 percent. Growth in U.S. salaries and wages, estimated in May at 4.6 percent, was revised downward in December to 3 percent.

In addition to the weakness in revenue collections, the 2011-12 fiscal year challenge is compounded by greater-than-anticipated tax refunds in response to overpayments in the 2010-11 fiscal year – a trend that must be assumed for 2012-13 as well.

A number of mandated costs had to be considered in developing the 2012-13 budget. Pension cost adjustments – including a \$320 million increase in commonwealth pension contributions to the Public School Employees' Retirement System and an estimated \$200 million increase in commonwealth pension contributions to the State Employees' Retirement System – are required and built into this budget. It should be noted that the commonwealth has no influence in the compensation commitments made by local school districts in their collective bargaining negotiations and yet the commonwealth is required to pay half of the school districts' pension obligation, which is tied to compensation. State personnel cost increases and SERS employer contributions are absorbed in agency budgets. Other costs assumed in the 2012-13 budget include an increase in debt service due to capital projects that were committed to and begun in prior years. This nearly \$100 million increase in debt service brings total debt service to more than \$1.1 billion. Another cost driver faced head-on in this budget is the rising cost of health care, specifically the cost of Medical Assistance long-term care. Controlling the growth of corrections costs is also a challenge addressed in this budget; for the past 15 years, corrections costs have grown nearly 5 percent annually. Finally, we are seeing a retrenchment of federal spending and the potential for a federal sequestration. Federal funding reductions will force us to rethink the way we administer our programs and certainly how we budget and account for them.

The 2012-13 Budget

In spite of these many challenges, the 2012-13 budget is balanced, built upon fiscal discipline supporting critical priorities within existing resources, and maintains the commitment to taxpayers not to increase taxes. This emphasis on fiscal discipline will support the commonwealth's already solid double-A credit rating in the face of credit challenges such as the growth in annual debt service costs, pension contributions and other post-employment benefit costs.

Managing Capital and Debt Programs. The 2012-13 budget reflects actions recently taken to better manage commonwealth debt and to bring new debt and debt retirement into better alignment. While the commonwealth's debt load will continue to increase over the coming years due to projects and commitments made in prior years, significant changes have been made so that in 2016, the commonwealth's debt load will begin to decrease. In 2012-13, the annual funding level of Public Improvement Projects for commonwealth-owned buildings and facilities will be reduced by 50 percent to

just less than \$200 million, and will focus on the priority infrastructure needs of state assets and not be diverted to pet projects. The level of Higher Education project releases the commonwealth provides to the State System of Higher Education and the state-related universities – the University of Pittsburgh, Penn State University, Temple University and Lincoln University – will also be reduced by 50 percent to approximately \$155 million a year, which the universities may direct toward their capital priorities. The budget also reflects reforms in the Redevelopment Assistance Capital Program, including setting releases at a much lower level than in previous years to reduce RACP debt by more than \$1 billion in the relatively short term. The new process prioritizes projects that will have the greatest impact on Pennsylvania's economy.

Streamlining Government. The 2011-12 budget initiated the restructuring and streamlining of government with the elimination and consolidation of a number of line-item appropriations and programs. The 2012-13 budget continues government streamlining by merging and consolidating a number of programs and agencies or realigning them for greater synergies:

- The State Tax Equalization Board and the Public Employee Retirement Commission are proposed for consolidation within the Department of Community and Economic Development's Center for Local Government Services. This consolidation will integrate the data and information relating to local property taxes and pensions – two factors driving local government budget challenges – with the policies and programs in DCED that support local governments.
- The 2012-13 budget also facilitates overall streamlining of the human resources system in the commonwealth, seeking greater alignment of employee recruitment, selection, development and retention activities and processes.
- This budget assumes the pursuit of merit system modernization and reform to provide greater quality, efficiency and effectiveness of state government.
- Two health data and information operations – the Pennsylvania Health Care Cost Containment Council and the Patient Safety Authority – will be integrated into the Department of Health to better utilize health information for public policy purposes.

Criminal justice research currently conducted independently by several state agencies (the Department of Corrections, the Board of Probation and Parole and the Pennsylvania Commission on Crime and Delinquency) will be coordinated and managed through PCCD. Long-term cost savings are anticipated from better research data and evaluation and corresponding policy and programmatic improvements in our corrections system.

Transforming Education and Human Services Program Delivery. The 2012-13 budget will begin to fundamentally transform the relationship between the state and local governments and the delivery of critical services in education and human services. The budget will place several K-12 education funding streams into a block grant, providing greater flexibility for local school districts and positioning the commonwealth to incorporate a student-focused weighted funding formula based on environmental factors and student characteristics in the future. In human services, a number of state-funded and county-administered programs will be converted from various categorical programs to a single block grant. Under this approach, effectiveness will be measured by results and performance, while efficiencies will be gained at the local level through additional flexibility and eliminating the need for a number of categorical compliance activities. This will result in the redistribution of staff and resources at both the state and local levels.

Reducing Administrative Spending. The 2012-13 budget maintains a commitment to reduce administrative spending in state government. Building on the 4 percent reduction in administrative spending in 2011-12, this budget brings the total reduction in state administrative spending to approximately 6 percent over two years. These savings are achieved through direct programmatic changes such as in fleet management and travel, and also through operational improvements undertaken by every state agency. In addition, two administrative changes resulting in significant cost savings will be implemented in the collection of taxes through greater reliance on electronic funds transfer and a reduction in certified mail usage.

Positioning Pennsylvania for Prosperity

The 2012-13 budget continues Governor Corbett's commitment to strengthen the financial foundation of state government and thus foster an environment of economic opportunity for all citizens. Amid great financial challenges, the budget reflects an approach to limited yet vigorous government in priority areas of core government services. This disciplined approach to fiscal management will ensure the sustainability of important government programs and will stimulate economic performance and job creation.

This budget aligns spending and resources to those core functions of government that protect our life and liberty and allow for the pursuit of happiness. Educational opportunities that lead to economic opportunities are supported in new and transformative ways that will propel Pennsylvania to a new standard of excellence in education. This budget also maintains the administration's commitment to public safety by effectively targeting limited resources and embracing innovation across all state agencies involved in offender management and criminal justice.

As we enter a new era in federal, state and local government relations and responsibilities, there will be great challenges ahead. This budget positions Pennsylvania to take control of its destiny – delineating the priorities of state government, forging a new relationship with local governments and preparing for less support from the federal government.

JOBSFirst PA Robust Employment – Growing Industry – Vital Economy

JOBSFirst PA is Working for Pennsylvania

Pennsylvania is blessed with bountiful resources. The commonwealth is home to the second-largest energy resource field in the world with an abundance of coal, natural gas, water, oil and timber, as well as the knowledge, talent and resources to develop emerging and alternative energy and fuels. Pennsylvania's agriculture base, manufacturing base and work ethic set the state apart from other states, and its regions boast a dynamic mix of major corporations, small businesses and emerging industries such as nanotechnology and life sciences. Combine all of this with the commonwealth's world-class higher education institutions and proximity to nearly one-half of the nation's population and markets, and the job creation possibilities for Pennsylvania are endless.

JOBSFirst PA is a comprehensive road map to economic recovery in Pennsylvania that harnesses the state's resources and talents to prioritize private-sector job creation and retention. It is the path to certainty, predictability and opportunity for Pennsylvania's job creators and puts the citizens of Pennsylvania first. JOBSFirst PA focuses on three core areas:

- Bringing a private-sector mentality to state government – Pennsylvania Inc.
- Prioritizing Workforce Development
- Investing in Pennsylvania Job Creators

Government does not create jobs, but rather fosters an environment in which companies can increase productivity, grow and create jobs. To achieve sustainable economic and job growth, JOBSFirst PA embraces innovation, prioritizes governmental reform and workforce development, and launches entrepreneurial initiatives to grow industry and support a business climate that positions Pennsylvania job creators to compete nationally and globally.

This budget demonstrates a commitment to restraining government spending and reducing the tax burden on job creators. This is the foundation for economic recovery and a robust economy. Resources the government does not take and spend will stay in the private sector, supporting jobs and families.

Pennsylvania Inc.

The foundation of Pennsylvania's economic recovery begins with retooling how state government operates and instituting necessary changes to make government customer-focused, responsive and accountable to the citizens it serves. From deploying strategic technology solutions to sweeping permitting and regulatory reforms to enhanced interagency cooperation, Pennsylvania Inc. will transform state government into a partner in job creation. The Governor's Privatization Advisory Council is reviewing state government functions to determine if the state provides the most cost-effective and transparent services that taxpayers deserve. The Interagency Coordination Advisory Group for Economic Development is focusing on big-picture, cross-agency issues affecting economic development, including infrastructure and workforce development and permitting and regulatory reform. One example is the coordination between PennDOT and the Governor's Action Team in aligning roadway infrastructure investments with economic development projects. The Interagency Coordination Advisory Group for Economic Development is shepherding the implementation of JOBSFirst PA and will reshape the way government operates by instituting efficiency measures such as a paperwork reduction initiative and ongoing agency transformations centered on customer service.

Pennsylvania Inc. will infuse common-sense principles into the administration of state government through the establishment of the Liberty Financing Authority as a one-stop-shop for business financing. Current Department of Community and Economic Development loan programs and funds will be integrated or pooled not only to streamline the process for applicants but also to leverage additional private dollars and create more flexible financing tools that can quickly adjust to changing economic conditions. To provide a single face of government and a central resource and access point for job creators seeking information or transacting business with commonwealth agencies, DCED and the Interagency Coordination Advisory Group for Economic Development will be pursuing an initiative to improve the commonwealth's online portal.

Investments in Job Creators

JOBSFirst PA invests in job creators by blending tax reform with entrepreneurial initiatives and investments in critical growth infrastructure to cultivate new industry sectors and sustain existing industries for small and large businesses.

With one of the most oppressive tax climates in the country, Pennsylvania must work toward meaningful tax reforms to encourage job growth, retain current employers and welcome new businesses to the commonwealth. All too often, Pennsylvania fails to make the short list for businesses looking for the ideal place to locate and grow because it is one of only a few states that tax both corporate income and assets. This budget maintains Governor Corbett's commitment to continuing the phase-out of the Capital Stock and Franchise Tax. This is a clear signal that even during financially challenging times while other states are increasing taxes, Pennsylvania is supporting job creation and job creators. Key tax credits for job growth are maintained: the Research and Development Tax Credit, the Film Production Tax Credit, the Job Creation Tax Credit, and the Neighborhood Assistance Program.

For Pennsylvania to be a global leader and a top-performing state, the commonwealth must continue to embrace innovation to attract broad industry sectors and new jobs. JOBSFirst PA will build the foundation for innovation that will put Pennsylvania at a world-class level. By embracing public/private-sector collaboration, partnering with higher education and harnessing a broad base of research and development disciplines and growing entrepreneurial support, Pennsylvania will be firmly established as a leader in the innovation economy of the 21st century for job growth and retention.

Startup PA, the Innovation Marketplace portal, and Discovered in PA, Developed in PA – or D2PA – are the foundations of Pennsylvania's innovation economy.

Startup PA. Through a collaboration with the Startup America Partnership, Startup PA will leverage national resources to supplement Pennsylvania's existing entrepreneurial initiatives. The plan will focus on five key areas: creating alumni networks of successful entrepreneurs who can be accessed efficiently by high-potential startup teams seeking mentoring; developing formal partnerships with large corporations willing to contribute growth elements such as product validation, technology evaluation and industry expertise to local startups; identifying foundations willing to target resources toward filling gaps in seed capital and technology commercialization; improving the means of identifying top management talent in each region who have both the interest and capacity to lead high-potential startups; and creating the means to rapidly connect Pennsylvania manufacturer capabilities with high-growth companies at the scale-up stage.

Innovation Marketplace. JOBSFirst PA will launch the Innovation Marketplace portal to allow small companies to quickly find and investigate new technologies, startups to promote technologies to manufacturers and investors, and manufacturers to identify new customers and new markets. This online tool, managed by the Manufacturing Extension Partnership within the National Institute of Standards and Technology, will be available to Pennsylvania businesses.

Discovered in PA, Developed in PA. Unveiled in 2011 with full implementation planned for 2013, the D2PA program aims to build capacity to better support Pennsylvania businesses and to spur creativity and innovation in the provision of economic development services – from business incubating, to mentoring, to marketing and beyond. This program funds innovative proposals to promote entrepreneurship, increase technology transfer and commercialization of intellectual property, and enhance the capacity of economic development service providers.

In addition to newly launched approaches like D2PA and PA First, this budget maintains investments in proven innovation-focused economic development programs like the Ben Franklin Technology Partnership and the PREP partners. Lastly, JOBSFirst PA will make the development of critical growth infrastructure a top priority. From transportation infrastructure – roads, ports, intermodal, rail, air – to fiber and wireless broadband infrastructure, JOBSFirst PA will drive innovation and competitiveness.

JOBFirst PA: A Comprehensive Workforce Strategy

Matching Job Seekers with Employer Needs

While Pennsylvania's unemployment rate is lower than the national rate, 499,000 commonwealth citizens are out of work. Concurrently, 280,000 Pennsylvania businesses face the challenge of finding the skilled workforce they need to be competitive and keep pace with a dynamic, changing economic environment. As Pennsylvania works to rebuild its economy, assisting employers and Pennsylvania workers through job training and job placement initiatives is a top priority.

To meet this challenge, this budget supports a comprehensive Workforce Development Strategy to enhance the effectiveness of the commonwealth's core services and programs offered in partnership with our local Workforce Investment Boards, PA CareerLinks® and Industry Partnerships. The goal of this strategy is to connect unemployed workers with employers who are currently hiring and to reduce any skills mismatch between labor supply and employer demand. In addition, this effort will focus on incumbent worker training, recent graduate placement and transitioning welfare recipients into the workforce. In the long term, this comprehensive strategy will develop a highly responsive, flexible system that continuously connects job seekers with job creators, and identifies current and future training and educational needs.

To implement this strategy, the Department of Labor and Industry has established three integrated initiatives: a comprehensive job-matching system, employer-driven training, and economic development focused on Pennsylvania's greatest resource, our workers.

Comprehensive Job-Matching System

Pennsylvania's current job-matching system is very labor-intensive, requires a great deal of human capital and is not an effective tool for either the job seeker or the job creator. A number of factors contribute to this inefficiency: a lack of specific information about job seekers; a limited number of postings by employers; no access or integration with other job search and networking systems; limited screening and recruitment capabilities for job creators; and dated technology that is difficult to navigate. The proposed system will address these limitations and create an efficient and effective job-matching system.

With the implementation of the work-search requirement in January 2012, all Unemployment Compensation claimants are required to register with the Commonwealth Workforce Development System. During the registration process, in-depth occupation, education, skills and work history information is collected and used to create resumés and search job postings. The new system will dramatically improve job search capabilities by adding sophisticated "spidering" technology linked to numerous job-posting engines. Searches will be geared toward the specific qualifications the individual provides during the registration process. The system will connect unemployed workers to job vacancies in two ways: through the standard direct search by the individual and through an automated search that will send alerts with job matches targeted to the individual. The new, more robust technology will match job seekers with job vacancies based on transferable skills, education and work history rather than just job codes from previous jobs worked. Various job networking sites also will be incorporated into the system to capture other job opportunities that are not typically posted.

The job-matching system will have a complementary feature that will provide employers with the ability to search the résumé and job-matching database to find qualified, carefully screened applicants to fit their needs. The newly designed employer search component will incorporate information gathered through targeted employer and recruitment dialogue sessions, as well as vacancy and skills surveys. This will enable the system to effectively and efficiently assist with the recruitment and training needs of Pennsylvania's job creators.

Job creators will also be encouraged to register with the system and provide detailed information about their workforce requirements and available jobs and careers. The database can then search to identify qualified workers and send matches automatically to those registered employers. As this system comes online, it will be expanded to include Welfare-to-Work individuals.

Employer-Driven Training Initiatives

The comprehensive job-matching system will enhance the current training programs offered through the Department of Labor and Industry in three ways: by providing a picture of how the local skills base fits employer needs, by identifying resolvable skills gaps and by effectively mobilizing training resources. A combination of improved and new employment programs will bolster efforts to decrease the number of unemployed workers in Pennsylvania.

Overview: A Comprehensive Workforce Strategy

Keystone Works. To facilitate the rapid return to work for recently unemployed claimants, Keystone Works – a cornerstone of the JOBSFirst PA plan – will provide employer-driven training opportunities for unemployed workers through the creation of a \$2.5 million grant program. While they are participating in on-the-job training, unemployed individuals will remain eligible for their full unemployment compensation benefits and employers will be offered an incentive if the participant completes the training and is hired. Claimants collecting regular state unemployment compensation benefits with enough eligible weeks to meet or exceed the length of the training opportunity may participate. The maximum length of the training program will be eight weeks, with training limited to 24 hours per week. The department will approve training programs submitted by interested employers and will provide workers compensation insurance coverage to participants through the State Workers' Insurance Fund at no cost to the employer. Employers who hire participants upon completion of the training period are eligible to receive up to \$1,500 in state incentive payments.

Incentivize Local Efforts. For the longer-term unemployed, and to encourage more targeted training for existing employment positions, the department has formed an internal team to develop employer-driven training and hiring pilot programs. One such pilot will provide a financial incentive to local Workforce Investment Boards and selected Pennsylvania employers who agree to employ individuals who complete certain training programs. In this program, when an employer agrees to pre-select a candidate for an existing position and hire that candidate upon the successful completion of the training program, additional training funds will be provided to the local board. This targeted use of training dollars will provide new skills and employment for the individual worker and an even greater connection between the employer and the training/educational curriculum.

Work Opportunity Tax Credits for Veterans. The Returning Heroes Tax Credit and the Wounded Warrior Tax Credit are federal incentive programs for employers who hire veterans. The Department of Labor and Industry has found that there is a need to increase awareness of these tax credit programs through outreach to the employer community. The department will promote the federal tax credit programs through other agencies, including the Department of Community and Economic Development and the Department of Military and Veterans Affairs.

Performance-Based Training. The Department of Labor and Industry will continue to focus Industry Partnership funding on programs that emphasize occupations on the High Priority Occupation list. This emphasis will be required in order for employers to be considered for IP worker training funding. Going forward, funding decisions will become even more outcome-oriented by improving the application process for recognition of IPs, improving the internal application review process, strengthening the process for reporting results and encouraging greater private-sector support.

Economic Development with a Workforce Development Focus

One of the most important elements of economic development is human capital. For many businesses, the availability of an appropriately skilled workforce is critical to location or business expansion decisions. Information about both the supply (job seekers) and the demand (employers) is essential in making informed business and economic choices.

The in-depth information gathered through the comprehensive job-matching system will enable the Department of Labor and Industry to provide employers with critical data in a much more comprehensive and effective manner. In partnership with DCED, as well as with other state and local government agencies, the department will share information and coordinate efforts to attract and retain businesses.

Training for Opportunities in New Industries. The commonwealth has a tremendous economic opportunity to create jobs with the discovery and ability to recover natural gas in the Marcellus Shale region. The department will continue to work with natural gas employers and associations to identify employment opportunities in direct jobs as well as in the industry's supply-chain.

Better Coordination Among State Agencies. The Interagency Workforce Development Task Force was created to bring together all agencies that administer workforce development programs. The task force will continue to increase collaboration and communication across state agencies so that job creation resources are used most effectively.

Incumbent Worker Training. The Department of Community and Economic Development will continue to support training for incumbent workers through the PA First program, which provides funding to Pennsylvania companies for basic skills and information technology training, and guarantees training to meet the standards agreed upon between the company and the training provider. This training program

Overview: A Comprehensive Workforce Strategy

is operated by the Workforce and Economic Development Network of Pennsylvania (WEDnetPA), a job training alliance of the Pennsylvania State System of Higher Education and its 14 universities, Pennsylvania's 14 community colleges, Pennsylvania College of Technology, North Central Industrial Technical Education Center, Greater Altoona Career and Technology Center, Lancaster County Career and Technology Center, and the University of Pittsburgh at Bradford.

Higher Education Workforce Development Initiatives

The commonwealth will continue to rely on its outstanding higher education resources to ensure Pennsylvania's workers have the skills needed to compete in the global economy and to facilitate training and certification linking people with jobs. WEDnetPA will continue to offer qualified employers the opportunity to train new and existing employees through the Guaranteed Free Training program.

Successful economic development proposals depend upon building partnerships whereby each partner relies upon the strengths of other partners. For example, businesses and educational entities, facilitated by a local Community Education Council, started the Technical Education Initiative operating in northwest Pennsylvania. The Keystone CEC, in conjunction with the Community College of Allegheny, regional business alliances and area career and technical schools, arranged for existing providers to offer instruction at the local career and technical schools at times when the facilities were not regularly in use. These partners recognized the value of providing access to programs offering portable industry credentials as well as credit-bearing certificates for those skilled occupations needed by local businesses.

In 2010, seven community college technical certificate programs were conducted by this partnership using local career and technical schools, at times convenient for unemployed, underemployed and working learners. A total of 66 students graduated, earning college credits and program certificates and 127 portable industry credentials. During the past year, all students who were unemployed at the time of enrollment are now employed, earning an average of \$35,000 annually compared to the \$22,283 entry-level salary in northwest Pennsylvania for careers as electrical assemblers, machinists and welders.

Such locally developed workforce initiatives produce program graduates with credentials who enter skilled occupations offering family-sustaining wages and show exactly the type of resourcefulness Governor Corbett's administration recognizes and wants to build upon. In partnership with PHEAA, the administration will create a Targeted Industry Cluster Certificate Program for certain high-priority occupations.

Targeted Industry Cluster Certification Program. The 2012-13 budget includes \$5 million from PHEAA earnings for this new program, which will provide grants to students enrolling in targeted industry certificate programs that are less than two years in length. In the first year, the targeted industry clusters include energy, agriculture and building and construction.

Pennsylvania is home to more than 270 postsecondary institutions. While the state offers such a rich environment, postsecondary education has struggled to adapt to the ever-changing needs of a global society, producing graduates in occupations where there are no jobs unless workers are willing to relocate out of the state. Consequently, Governor Corbett's administration has created an Advisory Commission on Postsecondary Education to assess what is needed, or not needed, to ensure a robust and responsive postsecondary education community focused on serving students and citizens as well as the business community of Pennsylvania.

Advisory Commission on Postsecondary Education. This commission is tasked to review and identify policies that address critical issues facing this component of Pennsylvania's education portfolio. This review will include an assessment of state workforce shortages, system sustainability and adaptability, individual sector roles and responsibilities and of course funding policies. Pennsylvania needs a strategy that is developed by all sectors, in order for all sectors to be jointly engaged for the benefit of all Pennsylvanians.

Matching Job Seekers with Employer Needs

The Workforce Development Strategy is an integrated initiative that will result in a premier system to address the existing disconnect between job creators and those Pennsylvanians who are striving to attain family-sustaining jobs in the commonwealth. Through job-matching, employer-driven training and economic development focused on our workforce, the commonwealth will become a national leader known for the success of its efforts to keep Pennsylvania working.

Education in Pennsylvania: Changing the Culture

Pennsylvania has embraced the importance of measuring student progress in order to improve public education. Accordingly, now is the time to expand our performance measurement tools beyond students to all aspects of public education – to the teachers and school officials in the system, at the state and local level, and in and out of the classroom. Successful organizations are built upon a strong base with each level encouraged by the outstanding work of every participant at every level.

Using this as a framework, the 2012-13 budget supports an approach that:

- places students at the center of educational excellence in our schools through increased accountability and access;
- encourages parents to make informed decisions about their children's academic needs and progress;
- emphasizes educators who are effective in increasing student achievement, not just those deemed highly qualified based solely on teaching certificates and years of experience;
- recognizes that all employees must possess an understanding of how their work affects the district's overall performance; and
- offers a framework to help all employees improve their work by providing standards and to evaluate progress toward those standards.

Change in the education culture will come from a variety of initiatives at all levels of the education system – from the administrative infrastructure; to adapting current measurement tools for students, teachers and school leaders; and finally to providing transparency to our parents and communities in reporting all aspects of a district's operations.

Given the necessity to be fiscally prudent in this era of limited resources and greater expectations, reforms will be made in such a manner as to build upon the successes at each level.

Infrastructure Investments

The debate about success within education has traditionally been about money – how much is provided by the taxpayers and by government and what is the return on investment. The culture change is to a student-centered system and one that focuses on performance at all levels. The supporting administrative processes and data collection processes and systems must also change to ensure more accurate reporting, particularly as it relates to student attendance and enrollment. To further ensure the focus is on the child, this administration proposes a moratorium on accepting any new school construction projects and intends to review the current applications, where the applications are in the process and what role, if any, state government should have in this area of school district operations.

Currently, school district reporting on student attendance and enrollment status is delayed and required in numerous and duplicative systems. This budget includes funding to address the flaws in the current data collection process by altering the time and method used in collecting basic data – reporting the number of children actually attending a school. The proposal will change departmental and school district reporting systems to reflect real-time child counts and attendance records. The current process of accounting for and reporting student attendance will require additional analysis, benchmarking and information technology system upgrades.

This budget proposes to use \$1.5 million of the federal Race to the Top Grant award to provide the level of investment needed to improve data collection and reporting and move the commonwealth toward a student-centered system of education financing. In doing so, funding will be directed to the local school building the student actually attends.

Flexibility Through the Student Achievement Education Block Grant

Recognizing the need to encourage creative thinking by school districts, this budget proposes to provide funding for basic education, pupil transportation and school employees social security to school districts within a single block grant. This approach will retain broad programmatic requirements, but will allow the local decision-makers to determine the most effective way to achieve basic statutory requirements.

The 2012-13 budget proposes \$6.52 billion for the Student Achievement Education Block Grant. Funding school districts through a block grant provides local school district decision-makers with the flexibility to focus on high-performance and cost-effective management practices.

Overview: Education in Pennsylvania

In addition to increased flexibility, the budget supports the repeal of outdated and time-consuming state bureaucratic processes, such as the approval of school district program alteration and curtailment plans and strategic planning. As a result, decision-making authority will rest with the local school district administrators and their school boards to determine and prioritize their needs within available resources.

The following appropriations are included in the 2012-13 Student Achievement Education Block Grant: basic education funding – \$5.35 billion; pupil transportation – \$542.3 million (includes Intermediate Unit special education transportation funds); nonpublic and charter school pupil transportation – \$77.7 million; and school employees social security – \$504.8 million to school districts and \$36.8 million to intermediate units. Career and technical centers and community colleges social security funding will be added to their individual administrative operating appropriations – \$12.5 million for career and technical centers and \$20.4 million for community colleges.

This budget proposes no reduction to school district funding and no gimmicks, just increased latitude to manage their own budgets. School districts and intermediate units are funded at 2011-12 levels, plus a pro-rata share of additional funding provided in 2012-13.

The Student Achievement Education Block Grant will retain general academic and administrative requirements while providing flexibility to local decision-makers regarding how to best meet the goals of an efficient, effective and successful educational system. The proposal will eliminate bureaucratic processes such as certain annual administrative reports and will incentivize successful practices and academic excellence by allowing school entities to use any resulting savings according to the priorities of its educational portfolio.

Quality Teachers and Leaders

An important component of any school's performance is the quality of its staff. Quality teachers and school leaders are an essential element of an effective education system. A recent Harvard study concluded that an effective teacher can increase a student's lifetime earnings by \$10,600; given a class size of 20 students, this equates to a lifetime earnings increase of \$212,000 for that classroom. Other studies have shown that the most effective teachers are those who can teach students to learn at their greatest capability, maybe even experiencing more than one year's academic growth at a time. Providing measurement tools and assistance to encourage this growth is critical in addressing the achievement gap when students are two or more years behind in basic core subjects and skills.

To assist school districts to develop quality educators and school leaders, the Department of Education plans to implement new Pennsylvania Teacher and Principal Evaluation tools, coordinating with ongoing school district researched-based efforts and in conjunction with the recently awarded federal Race to the Top Grant. The Teacher Evaluation Tool, a new teacher rating process that includes measures of practice and student achievement, is being implemented within 100 education entities that voluntarily decided to participate in this "changing the culture" endeavor. This tool will provide support and feedback to teachers as they strive to deliver quality education to their students, and it will help to increase the number of highly effective teachers in Pennsylvania schools. In addition, the department is developing and beginning implementation of the Pennsylvania Principal Evaluation Tool during the 2013-2014 school year, with full implementation in the 2014-2015 school year. The Principal Evaluation Tool will rate school leader effectiveness through multiple measures.

The implementation of Teacher and Principal Evaluation tools will provide educators with targeted resources, support and feedback so they can improve their instruction and school leadership. As a result of adopting these tools, the commonwealth can expect an increase in overall quality and retention in the teaching profession and among school leaders. Results of these efforts will be included in the School Report Card system.

Quality Assessments

It is widely accepted that a goal of our education portfolio is to ensure that our educational system produces students who are college- and career-ready. Both colleges and employers need to know the educational attainment levels of the students from Pennsylvania's school systems and should not have to spend time and money in duplicative remedial training.

The process of aligning the 11th grade Pennsylvania System of School Assessment exam to the Common Core standards, as well as developing assessments that cover all required material, is costly and onerous for school districts to implement. Common Core standards were developed through a state-led process coordinated by the Council of Chief State School Officers and the National Governors Association's Center for Best

Overview: Education in Pennsylvania

Practices. They represent a national, collaborative effort to provide educators, parents, and students with a common understanding of what students are expected to learn in English and math.

The administration proposes to revise the current graduation requirements in the Keystone exams program by reducing the number of Keystone exams or final exams from 10 to 3. This plan also eliminates the requirement that the Keystone exams be considered a part of the individual course grades, modifies the project-based alternate and delays full implementation for the Keystone exams by two years until 2017. These measures will save time and money while maintaining a targeted and rigorous assessment system to ensure that our students are college- and career-ready.

Pending approval by the US Department of Education, the plan will focus testing and accountability on the core subjects needed for students to succeed. This budget provides \$15.4 million to implement these changes and to refocus current components of the existing assessment and accountability system. The proposed Keystone program focuses on the core content that all students need to know and provides a common standard that can be used by employers and postsecondary institutions. The modifications to the Keystone exams program will reduce overall testing time and provide important flexibility to school districts.

Accountability and Transparency for Pennsylvania's School System

Parents should expect that their children are graduating from high school with the skills necessary to pursue postsecondary education or career options – saving time and money that would otherwise be spent on additional preparatory instruction. A quality education system must be built on accountability and must be focused on student achievement with the goal of making students “life-ready.” We owe Pennsylvania’s children, parents, employers and taxpayers who support the system nothing less.

The 2012-13 budget proposes the development and implementation of a Pennsylvania School Report Card. The Report Card is a new accountability system that assesses Pennsylvania public school districts and public schools, including career and technical centers, charter schools and cyber charter schools. The report card system will provide parents, taxpayers and educators with a straightforward and easily understandable tool to evaluate the quality of Pennsylvania’s schools and education system.

The report card system will place key data elements related to schools in a single, easily accessible location. The report card will calculate a letter grade by assessing schools and districts in three areas: academic performance, school safety and fiscal strength. The report cards will be available on a publicly accessible website and will allow users to examine the performance of specific school districts and specific school buildings within districts, as well as to compare the performance between and among school districts. The administration plans to implement this component of our educational portfolio with \$471,000 in federal and state funds.

In addition to grading schools, the accountability system will help to increase the performance of all Pennsylvania schools. School leaders will be able to review their School Report Card and determine in which areas they excel and in which areas they need improvement. Resources will be made available to school leaders on the Department of Education’s Standards Aligned System portal to assist them in developing plans and interventions to improve student achievement and, consequently, their school grade.

High-Performing School Districts. Districts receiving an “A” on the Pennsylvania School Report Card will be recognized as schools of excellence. They will be asked to lead by example by participating in a mentoring program to share information and best practices with low-performing school districts that are in need of their experience and expertise.

Low-Performing School Districts and/or Schools Within Districts. Districts and schools receiving a “D” or “F” on the Pennsylvania School Report Card will receive targeted assistance and supports to help them improve their performance and raise student achievement.

The impact of this culture shift will be illustrated by showing how resources and strategies are directed toward local school district priorities as determined by local school officials and the community. Unfettered by state mandates on how to achieve certain goals, local school districts can use the flexibility to meet their goals and raise student achievement in a way that is best for them. By empowering all elements of the system and holding each element accountable, the commonwealth can realize its goal of providing a quality education for all students, and all students will have the necessary resources to achieve their full potential.

Preserving the Safety Net

Helping Pennsylvanians in Need While Reforming the Welfare System

To realize economic recovery in Pennsylvania, the commonwealth must preserve the safety net for those truly needy while supporting others as they transition to independence. For years, Pennsylvania's welfare system has not encouraged personal responsibility, but instead has maintained high levels of dependency that represent a burden for the taxpayers of the commonwealth.

The commonwealth's social services "safety net" has strayed far afield from its original purpose. Rather than providing temporary help to those facing temporary challenges, it has instead grown into an open-ended entitlement system for both clients and providers. Pennsylvania must change course and bring its social services programs back to their originally intended purpose – to provide short-term assistance rather than long-term entitlements and to assist those with serious disabilities. The success of these programs should be measured not by how many people rely on them, but rather by how many people have transitioned from them toward self-sufficiency. The continuing economic challenges facing Pennsylvania and the nation have created an increased reliance on public assistance programs at the same time government is facing increased difficulties funding those programs. The sluggish national economy has continued to exert significant pressure on state budgets across the country, and states are further encumbered by federal policies that do not allow them to adjust eligibility levels leaving them few options to balance their budgets.

Pennsylvania is at a crossroads where difficult decisions must be made on how to invest limited resources for the maximum benefit of all taxpayers. The commonwealth must preserve the welfare system's core function of providing short-term relief to citizens in genuine need who have no other means of financial support while at the same time removing existing incentives that reinforce government dependency as a way of life. Reforms should presume that the vast majority of Pennsylvanians can take control of their lives, want to work and care for their families and extended families, and can succeed.

WorkFirst – Favoring Jobs Over Welfare

The 2012-13 budget institutes reforms that favor jobs over welfare and reduce the overall demand and caseload for welfare programs. The results-driven employment and training reforms will increase job training for welfare recipients by ensuring that Pennsylvania's Welfare-to-Work program emphasizes work first. Training and education programs are designed to train individuals to obtain and keep jobs. Currently, the welfare system focuses on training and work preparation first, with few safeguards in place to ensure positive outcomes and even fewer incentives to actually push for employment. The new reforms shift the focus back to employment with the assumption that work experience is best achieved through actual work. Performance metrics and incentives will be modified to provide vendors with an incentive to help recipients actually find and keep jobs, and payment will be tied to performance.

The Department of Public Welfare will pursue the following results-driven employment and training reforms:

Job Advocacy. DPW is retraining current staff at county assistance offices and at DPW to promote employment opportunities for welfare recipients. An existing single point of contact at all CAOs will be designated as the jobs developer who will be an industry liaison tasked with promoting Pennsylvania's welfare recipients in the work place. The liaison will work with job creators, chambers of commerce, and other industry groups to promote job placement for welfare recipients. The specialist will, simply put, specialize in job placement ensuring that innovative ideas are shared with other CAO specialists to promote job placement solutions throughout the commonwealth.

Recipients Held Accountable. Full engagement means all families and individuals sign a contractual Plan of Action, which includes the Employment Plan, and agree to participate in work and/or work-plus activities leading to self-sufficiency and economic independence from public assistance. Because some individuals with disabilities may need a unique POA to assist them in gaining employment and attaining independence, special services for these individuals will help them develop and carry out a realistic employment plan in accordance with their individual abilities.

Performance-Based Contracting for all Providers. DPW is re-engineering the way it structures its contracts to focus on the performance of all providers across the enterprise. With regard to the focus on "employment first" for all potential clients or current clients, performance-based contracts will focus on the activities, quality and outcomes of services and will tie a substantial portion of a contractor's payment – as well as any contract extensions – to their accomplishment of services.

Overview: Preserving the Safety Net

Employment and Training Systems Integration. For years, there have been two parallel commonwealth employment and training systems working to get people employed – PA CareerLink® within the Department of Labor and Industry and the Employment Advancement and Retention Network (EARN) within the Department of Public Welfare. This created a duplication of services offered to the public, as well as a doubling of the administrative/operational costs to run both programs. In some cases, these programs are both located at the PA CareerLink® sites, but are still being operated as separate programs. The 2012-13 budget supports the integration of these two systems to eliminate duplication, streamline services and reduce costs, and will allow the commonwealth to seamlessly deliver employment and training services to all job seekers.

Maintaining the Safety Net Depends on Cost Containment and Welfare Reform

The continued steep incline in health care costs puts additional strain on the state budget. The commonwealth's focused management efforts have held the rate of increase in health care expenditures to a level significantly below the national trend, but even those increases are a challenge given the declines in state revenue linked to the weak economy. The long-term viability of the social safety net can be ensured by undertaking action to shift from mere cost-containment efforts into broader efforts to move people away from reliance on social services and toward lives of self-sufficiency and independence.

The commonwealth has approached the challenges of the economy with a focus on efficiency and a commitment to careful stewardship of state dollars. Pennsylvania's effective management of its human service programs has yielded numerous performance bonuses from the federal government. The comprehensive Program Integrity initiative aligns processes, policies, technology, performance measures and organizational structure at a department-wide level to identify, eliminate and monitor fraud, waste and abuse efforts. The goal is to provide services to Pennsylvania's truly eligible and needy citizens while earning taxpayers' trust through fiscal responsibility. Pennsylvania's cost-containment strategy also has focused on preventing and prosecuting fraud in Department of Public Welfare programs. These efforts have resulted in \$138.1 million recovered through third-party liability collections and \$36.6 million in recoveries of erroneous and fraudulent payments in 2010-11. Improvements in the contracting process will result in more than \$144 million in savings over the lifetimes of the agreements, and improvements to the auditing process will result in recoveries and cost avoidance of more than \$15 million. Additionally, cost-containment efforts to ensure that those in need are receiving services, and those not eligible are removed from tax-funded programs, have saved \$70 million dollars to date. These savings will exceed \$100 million by the end of the 2011-12 fiscal year.

The 2012-13 budget includes several broad cost-containment reforms that are designed to save millions of taxpayer dollars and focus on efficiency and streamlining of services. As a key component of Pennsylvania's efforts to control costs, this budget proposes an overhaul of the public welfare system. For a number of years, the commonwealth has been involved in multiple strategies to improve services, allow for more choices, rebalance the service delivery system, transition people off of the welfare system and manage care effectively. However, even with all these programs, waivers and system redesign efforts, the commonwealth has not been able to effectively reform Department of Public Welfare programs so that the focus is on competition, prevention, wellness, employment, integrity, personal responsibility and consumer choice, empowerment and independence. Reform is necessary to create an integrated, coordinated and seamless service delivery system that addresses consumer needs for quality, independence, flexibility, service coordination and options while addressing the need for cost containment and financial integrity.

The 2012-13 budget continues the goal of reforming the public welfare system through the following cost-containment initiatives:

Human Services Development Fund Block Grant. Counties have asked the state to provide relief in terms of rules and regulations. This proposal will provide counties the flexibility to move funds where each locality needs them most. Savings = \$168.4 million.

Foster Care Enhancements. The Federal Fostering Connections Law allows states the option of drawing down additional federal funds to support youth in foster care until age 21. This initiative will ensure that youth are supported until they can safely reach self-sufficiency. Savings = \$4.5 million.

General Assistance Program Reform. Many other states do not have state-funded programs such as General Assistance. Eliminating the cash portion of General Assistance will allow the Department of Public Welfare to maintain health care for individuals who do not qualify for Temporary Assistance to Needy Families or Medicaid. Revisions will be made to the eligibility criteria for Medical Assistance benefits. These revisions will include changes to minimum work requirements for medically needy

Overview: Preserving the Safety Net

recipients and, for categorically needy recipients, tightened definitions of temporary medical conditions and clarify what medications are necessary for someone to work.

Hospital Application Process Revisions. Many individuals use Medicaid only for an inpatient procedure and then never have another claim. This initiative will maintain recipients enrolled through the hospital application process in the fee-for-service program until redetermination. Savings = \$10 million.

Revised Provider Reimbursement. Federal maintenance-of-effort requirements prevent the Department of Public Welfare from changing eligibility or benefits under Medicaid. As a result, the department's 2012-13 budget reduces provider reimbursement rates or consideration will be given to alternative provider cost containment. Savings = \$59 million.

Program Integrity. The Department of Public Welfare will implement an automated audit system to identify waste, fraud and abuse prior to and after the issuance of provider payments. Enhanced program integrity efforts to review high-cost cases will ensure that managed-care efforts are focused on managing care and preventing more costly medical interventions. Savings = \$50 million.

Child Care Reimbursement Reform. This initiative will reduce the number of paid absences and decrease the reimbursement rates for unregulated relative and neighbor care. Savings = \$10 million.

MAWD Premium Reform. This initiative will increase the monthly premium rate and ensure that individuals enrolled in the Medical Assistance for Workers with Disabilities program are participating in cost sharing for health insurance premiums.

While Pennsylvania must strive to maintain essential public services in times of economic hardship, it also must redouble efforts to invest in programs and supports that ultimately lead Pennsylvanians to become independent and self-sufficient. Now more than ever, the social safety net must not only protect our most vulnerable citizens, but also – more importantly – empower them to lead lives free of government dependence whenever possible.

Criminal Justice and Enhanced Public Safety

A Collaborative Effort to Improve the Effectiveness and Efficiency of the Criminal Justice System, Reduce Recidivism and Protect our Communities

Public safety is a primary responsibility of state government. Protecting our citizens requires our criminal justice agencies to work together and examine the effectiveness and efficiency of the commonwealth's criminal justice system.

To meet this challenge, all criminal justice agencies – the Pennsylvania Commission on Crime and Delinquency, the Department of Corrections, the Pennsylvania State Police and the Board of Probation and Parole – have collaborated to develop initiatives that promote public safety by focusing on evidence-based approaches to reduce crime, lower the prison population and better prepare those offenders who are returning to the community to become productive, law abiding citizens. These approaches will allow the commonwealth to achieve its public safety goals without forgoing the safety of Pennsylvanians in these difficult economic times.

To protect our communities from unpredictable events, both the Pennsylvania Emergency Management Agency and the Department of Military and Veterans Affairs are provided resources to effectively achieve their missions. The Office of Homeland Security will be integrated with the Pennsylvania State Police, and PEMA will be provided increased staff aligned to emergency response and mitigation. To protect not only our communities, but also our National Guard troops, DMVA will increase police security at Fort Indiantown Gap.

Justice Reinvestment Initiative

Justice Reinvestment is a data-driven approach to reducing corrections spending and reinvesting savings in strategies that can decrease crime and strengthen the safety of our communities. The administration has partnered with the Council of State Governments' Justice Center to assist our criminal justice agencies in analyzing data from multiple agencies to develop sound policies and monitor the impact of these policies through effective performance measures. The Justice Reinvestment Initiative will target areas for reprioritization of resources that will produce short- and long-term recommendations and realign cost savings to evidence-based initiatives to reduce recidivism.

Risk Assessment Tool

Allocating resources to complete a statutorily mandated risk assessment tool is expected to lead to more accurate data-driven decision-making in sentencing, parole decisions and programming for inmates and the supervised parole population. Identifying the population with the greatest probability of successful reentry into the community and supporting programming to facilitate that reentry is an administration priority and one that is designated to reduce recidivism. Ultimately, the result will be a safer Pennsylvania with a more manageable and fiscally sound criminal justice system.

Legislative Corrections Reforms

Several legislative reforms would enable the Department of Corrections to expand existing effective programs such as State Intermediate Punishment, Recidivism Risk Reduction Incentive and Motivational Boot Camp. With these reforms, more inmates would be eligible for these programs that provide better treatment services and cost savings to the department. Other reforms, such as the expansion of county specialty courts would allow judges to divert low-risk offenders with drug addictions, and other offenders with mental health needs to specialized treatment programs. These reforms would provide better treatment options and a greater positive impact on recidivism.

Community Corrections and Reentry

With more than 90 percent of offenders returning to our communities after incarceration, it is imperative to provide offenders with the tools they need to transition back to society and become productive, law-abiding citizens. The Department of Corrections and the Board of Probation and Parole are continuing to work together to improve the process enabling offenders to successfully return to their communities. Programs such as Day Reporting Centers, GPS monitoring, mentoring programs and the use of technical parole violation centers will enable offenders to continue addressing their needs, thereby reducing chances of their re-offending and returning to prison.

Overview: Criminal Justice and Enhanced Public Safety

Parole Supervision

As the number of offenders returning to the community grows, the administration is committed to providing the Board of Probation and Parole with a sufficient number of parole agents trained to supervise and assist offenders making this transition. In addition, it is important to ensure that parole agents have manageable caseloads that will enable them to properly supervise parolees, thus ensuring the safety of the community. To address current and anticipated needs, the budget to support more parole officers is increased by approximately \$5 million.

Operational Efficiencies

The Department of Corrections and the Board of Probation and Parole are committed to reducing costs by creating a more efficient system of case management. They continue to work together to improve docket management and reduce the time it takes to release an eligible offender on parole, and their research departments have collaborated to produce more accurate and useful data. This budget incorporates even greater integration of criminal justice research that will lead to better and more reliable data and information analysis. This analysis in turn will improve policy and program evaluation and decision-making, ultimately saving the commonwealth money and leading to productive and law-abiding futures for ex-offenders. In addition, both the department and board are working collaboratively on reentry initiatives, placement in Community Correction Centers, hard-to-place offenders, technical parole violators and case management. Working in partnership on case management and operational efficiencies saves both time and money and helps the department and the board accomplish mutual public safety objectives.

State Police

The 2012-13 budget increases State Police funding to support one cadet class. In addition, the budget proposes that vehicle fines collected by the State Police in municipalities that rely on the State Police for policing services be retained by the state instead of being returned to the local municipality. These redirected revenues will be directed toward communication upgrades to better equip the State Police to serve all areas of the state.

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ECONOMIC OUTLOOK

In constructing their tax revenue estimates, the Pennsylvania Department of Revenue and the Office of the Budget are assisted by economic forecasts provided by two main sources of forecast data: 1) IHS Global Insight, Inc., of Lexington, Massachusetts, and 2) Moody's Analytics, of West Chester, Pennsylvania. Both of these firms are private economic forecasting and consulting firms that provide forecast data to the commonwealth and other customers. Various projections from IHS Global Insight's national forecast, as well as a recent forecast produced by Moody's Economy.com, were used to develop the revenue estimates in this document for the budget year and other future fiscal years. Analyses and discussion in this section, as well as the revenue estimates used in the budget, are based on a combination of data from each source and further analysis from the Department of Revenue and the Office of the Budget.

Recent Trends

The United States (U.S.) economy, which had been slowing since 2004, officially entered recession in December 2007. According to the National Bureau of Economic Research, that recession ended in June 2009. Chart 1 displays actual growth in real gross domestic product (GDP) from 2004 to 2010 and projected growth for 2011-2016.

At 19 months, the most recent recession was the longest recession since the Great Depression, which lasted 43 months. It was also nearly double the 10-month length of the average post-World War II recession. Furthermore, the depth of the recession was much steeper than the two most recent recessions of 2001 and 1991, as peak-to-trough declines in real GDP exceeded those of the 1973-75 and 1980-82 recessions, when the peak-to-trough declines in real GDP were 3.1 percent and 2.6 percent, respectively. Furthermore, in the most recent recession the economic downturn was not confined to just the United States. During 2009, the economic output of the entire world declined for the first time since the Great Depression.

Overall real GDP growth for 2009 was -3.5 percent for the year, as shown in Chart 1. The contraction of the U.S. economy during 2009, as measured by annual growth in real GDP, was the deepest since the Great Depression. Annual real GDP growth has been negative for a full year only eight other times since the Great Depression, and each such occurrence was associated with a recession. However, in seven of those eight instances, the annual contraction of real GDP was -0.5 percent or less. Only during the recession of 1982 did the annual loss in real GDP exceed approximately 0.5 percent. In the depths of the 1982 recession, annual real GDP growth was -1.9 percent while the decline in real GDP during 2009 was nearly twice that amount at -3.5 percent.

An examination of real GDP on a quarterly basis, as shown in Chart 2, reveals that the depths of the most recent recession were reached in late 2008 and early 2009. Discounting the short-term effects of the 2008 tax rebates, the U.S. economy contracted in five of the six quarters between January 2008 and June 2009 (the approximate term of the most recent recession). In particular, the economy experienced a -8.9 percent contraction in the fourth quarter of 2008 and a -6.7 percent contraction in the first quarter of 2009. The -8.9 percent contraction during the fourth quarter of 2008 was the second-highest quarterly loss in the post-war era. Combined, the two quarters from October 2008 to March 2009 were the worst performing economic period, as measured by changes in real GDP, since the Great Depression. Further, the most recent recession had two of the four largest quarterly declines in real GDP in the post-war era. The four continuous quarters of losses from September 2008 to June 2009 were the first time since the Great Depression that real GDP declined for four consecutive quarters.

Chart 1
REAL GROSS DOMESTIC PRODUCT
Annual Growth

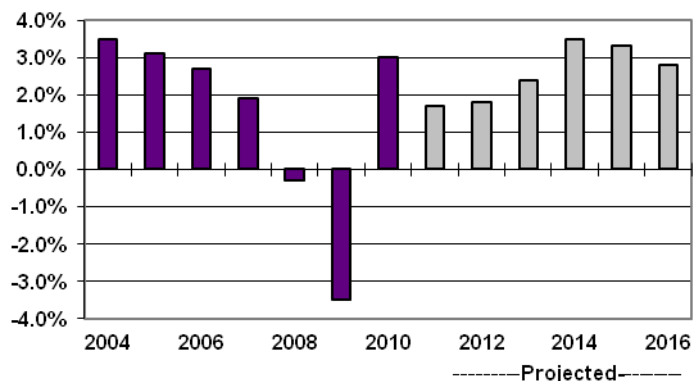
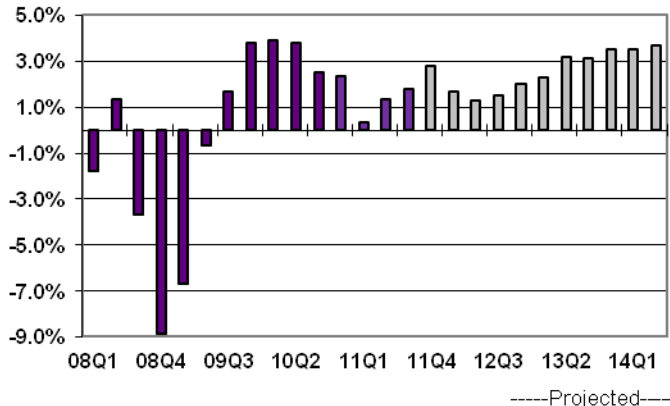


Chart 2
REAL GROSS DOMESTIC PRODUCT
Quarterly Growth



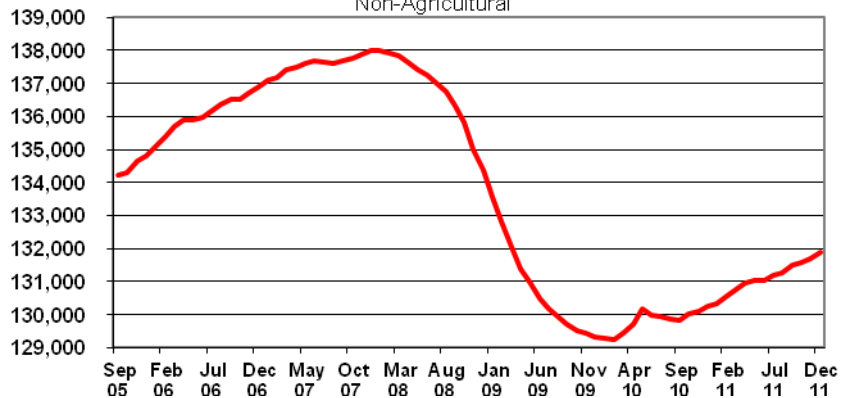
The credit boom of the previous decade masked a troubling trend: During that time, strong U.S. productivity growth coincided with declining real incomes for most Americans. Between 2000 and 2007, growth in real GDP averaged 2.5 percent annually but, according to many calculations, U.S. consumers rang up nearly \$3 trillion in excess borrowing and spending over the same period. Thus, the consumption that occurred over the past decade and that supported the economic expansion was made possible not by income growth but by consumer borrowing. Without this

artificial boost to spending, real GDP would likely have been considerably lower.

Data from the federal Bureau of Labor Statistics supports this premise. Over the past 10 years, U.S. productivity has risen a total of 29.7 percent while real wages have grown only 2 percent. Real wages and salaries peaked in the U.S. in early 2003. Historically, real wages and productivity have gone up in tandem. Rampant borrowing and spending by consumers masked underlying problems in the economy. Excluding personal consumption, real economic growth averaged only 1.3 percent during the 10 years ending in 2007 – the slowest rate since the 1950s. Therefore, if consumption had not been artificially inflated with excess borrowing, the economy would have appeared much weaker during the past decade.

The recovery from the 2001 recession created nearly 7.2 million jobs. Chart 3 shows that there was significant growth in U.S. employment through late 2007. After peaking in December 2007, employment levels began declining significantly. By the summer of 2008, job losses were occurring more frequently. Monthly claims for unemployment compensation averaged 625,000 nationally from September 2008 through June 2009, reaching

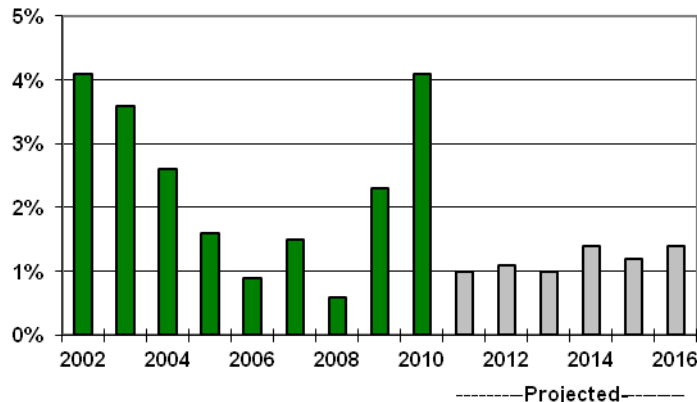
Chart 3
US EMPLOYMENT
Non-Agricultural



820,000 in January 2009. During all of 2009, U.S. employers eliminated nearly 5.1 million jobs, cutting 3.9 million in the first six months of the year alone. As a result, the labor markets had not been so gloomy since the 1980-82 recession, when unemployment hit 10.8 percent.

The loss of jobs was widespread throughout the economy, but the manufacturing and construction sectors were hardest hit. During 2009, manufacturing lost more than 1.5 million jobs, and construction jobs were down nearly 1 million from 2008 levels. Slumping retail sales led to the loss of nearly 600,000 retail jobs between December 2008 and December 2009. The professional and business services sector lost nearly 1 million jobs in 2009. Employment in the financial services area fell by 400,000 jobs in 2009. In fact, the only major economic sector adding jobs in 2009 was health care, which added nearly 400,000 positions. All told, the U.S. economy lost nearly 8.75 million jobs during the most recent recession. These losses wiped out employment gains for the entire past decade.

Chart 4
PRODUCTIVITY GAINS
Annual Growth

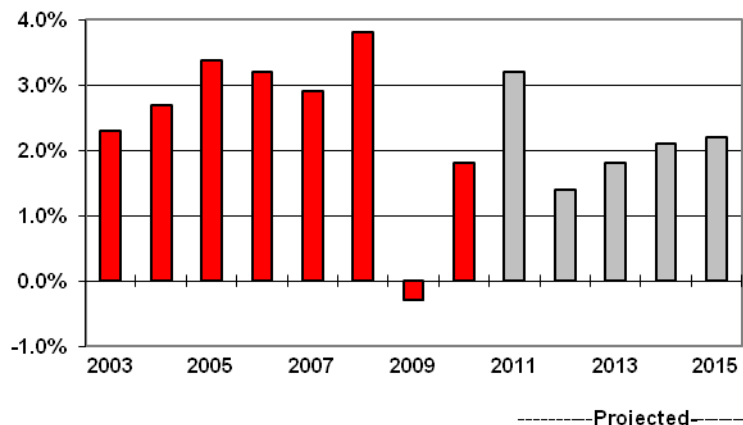


The growth in the U.S. unemployment rate accelerated significantly during 2009, rising from 7.4 percent in January 2009 to 10.1 percent by October 2009. Growth in employment returned in early 2010. During 2010, massive monthly job losses abated and the national economy managed to add a cumulative 940,000 jobs by the end of the year. However, job growth throughout 2010 was fitful, as several early months of job creation were followed by months of net job losses. From March to May 2010, the national economy generated an average of 300,000 new jobs per

month. Fears of the European debt crises, rising energy costs and other factors conspired to weaken job creation during the second and third quarters of 2010. Four consecutive months of net job losses from June through September 2010 negatively impacted the economy. Job creation returned during the fourth quarter of 2010 as nearly 400,000 jobs were created nationally. However, current employment levels through the end of 2011 are nearly 6 million lower than their peak in December 2007 and the national unemployment rate remains elevated at 8.5 percent. The U.S. unemployment rate has remained at or above 8 percent since February 2009, the longest stretch at such levels in the post-war era.

As the national economy entered recession in December 2007, businesses again were looking to gains in productivity to soften the impact. Chart 4 provides data on productivity gains from 2002 through 2010 and a forecast of productivity gains for 2011 through 2016. Gains in productivity achieved in 2005 through 2008 were well below the 3 percent to 4 percent annual gains seen during the last “jobless recovery” of the 2002-04 period. Once again, following the 2008 recession businesses sought to maximize productivity while avoiding hiring. Productivity gains were occurring at the expense of job creation, as productivity surged to 4.1 percent in 2010.

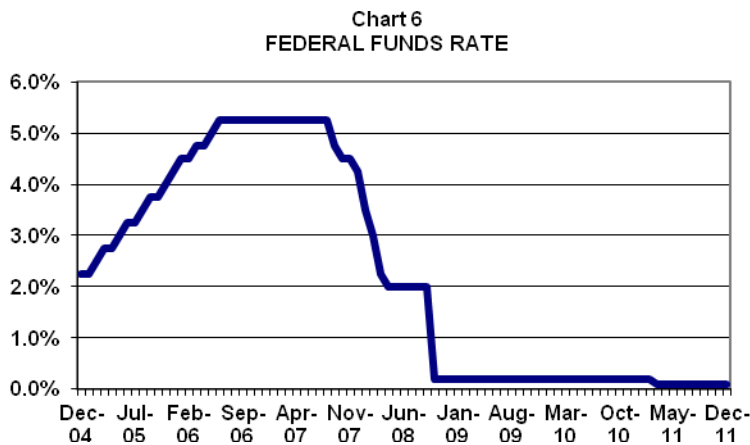
Chart 5
INFLATION-CONSUMER PRICE INDEX
Annual Growth



Rising energy prices in 2007 and early 2008 contributed greatly to the recent recession. Every post-war recession had been preceded by a spike in oil prices; the most recent recession was no different, as the price of a barrel of oil reached \$150 by mid-2008. Led by surging energy costs, inflation peaked at 3.8 percent in 2008, as shown in Chart 5. The 2008 peak level of inflation was the highest rate since the 1991 recession, when it was 5.4 percent. Following the collapse of the credit and equity markets in the fall of 2008, consumption declined, wages were depressed and energy prices plunged 18 percent in 2009, resulting in an overall inflation rate of -0.3 percent in 2009. As the economy recovered in 2010, modest inflationary pressures returned, resulting in an annual rise in the consumer price index of 1.8 percent in 2010.

A review of U.S. monetary policy during this period shows the many actions the Federal Reserve Board (Fed) took to prevent a worse economic crisis. Monetary policy efforts by the Federal Reserve were aimed at the financial markets generally and the mortgage industry in particular.

Reductions to the federal funds rate were extraordinary in scale and frequency. Chairman Ben Bernanke and the Federal Reserve continued to lower the federal funds rate, finally reaching “a target rate” of between 0.0 and 0.25 percent in December 2008, as shown in Chart 6.



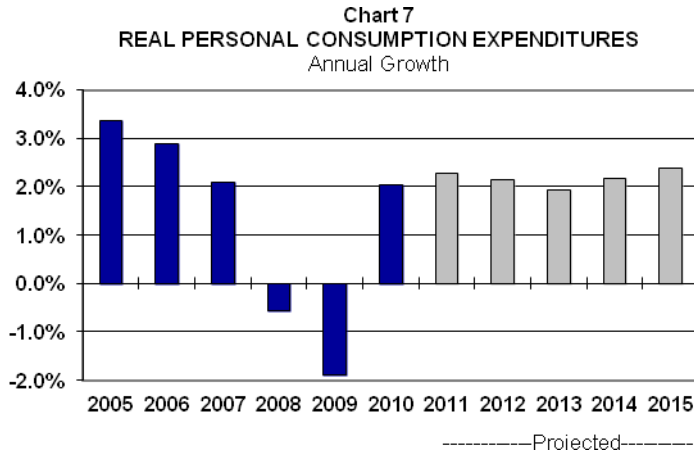
Further, the Federal Reserve and other central banks throughout the world were busy injecting massive amounts of liquidity into the global financial system in an effort to avoid a depression, and the amount of fiscal stimulus was staggering. To date, the Fed and other U.S. agencies have lent, spent or guaranteed \$8.2 trillion in emergency funds to stimulate the economy. The Fed dramatically expanded its balance sheet to inject more than \$2.6 trillion in liquidity into the financial markets in order to stem the credit crisis. U.S. public debt has surged to

\$15.2 trillion through 2011, up \$2.9 trillion since 2009. Total U.S. public debt has nearly doubled since the start of the most recent recession, up from an average of \$8.5 trillion in 2007.

Previously, the Federal Reserve had concentrated on interest rate reductions as its main monetary policy tool. With that main tool now exhausted as interest rates have been near zero since 2009, the Fed adopted a new policy it calls “quantitative easing,” which pumped massive volumes of money into the financial system, nearly \$3 trillion to date, affecting the rates of interest on virtually all credit instruments. The implied goal of the Fed’s quantitative easing policy was to provide cheaper credit to all parts of the economy, starting with housing. While the federal funds rate cannot go below zero, the Fed has virtually unlimited power to stimulate the economy with monetary policy by buying up mortgage-backed securities, Fannie Mae and Freddie Mac corporate debt and other assets. From December 2008 to March 2010, the Fed bought \$1.7 trillion in government and mortgage debt through a policy referred to as “QE1” or Quantitative Easing I. From November 2010 to June 2011, the Fed bought another \$600 billion in U.S. treasuries through its QEII program and in September 2011, the Fed replaced \$400 billion in short-term debt with longer-term debt in a policy called “Operation Twist.” Each such program sought to inject liquidity into the financial system. Such actions have dramatically driven up the Fed’s balance sheet, which currently stands at nearly \$3 trillion, up from \$900 billion in September 2008.

In addition to extensive monetary policy moves orchestrated by the Federal Reserve, the federal government was also aggressive in enacting new legislation to combat the recession using fiscal policy. These actions began under President George W. Bush in 2008 and continued with the administration of President Barack Obama in 2009 and 2010. With the U.S. economy in recession in early 2008, Congress enacted the Economic Stimulus Act of 2008. The act provided an estimated \$152 billion in tax breaks and tax incentives for individuals and businesses. Shortly after the stunning collapse of Lehman Brothers in September 2008, Congress enacted the Emergency Economic Stabilization Act of 2008, which created the Troubled Assets Relief Program or TARP. This program authorized the U.S. Treasury to purchase up to \$700 billion in “troubled assets” – largely mortgage-backed securities – and to make direct investments into banks. Other programs enacted by Congress provided for mortgage and foreclosure assistance and an increase in federal insurance on bank deposits. In February 2009 Congress enacted the \$787 billion American Recovery and Reinvestment Act to assist the economy. Finally, in December 2010, the U.S. Congress passed legislation that President Obama signed into law to: 1) extend the Bush tax cuts for at least two more years; 2) enact a temporary, one-year, 2 percent reduction in Social Security withholding taxes; 3) provide a further extension of unemployment benefits; and 4) provide an estate tax reduction, all in an attempt to further stimulate the economy.

Job losses, declines in household wealth and tighter credit were just a few of the factors adversely affecting consumer spending. Widely regarded as the main engine of the U.S. economy and accounting for nearly 70 percent of GDP, consumer spending had been in a tailspin since the recession deepened in the summer of 2008. It is estimated that households had lost more than \$14 trillion in net worth from the start of the last recession through the end of 2009 due to falling home equity and stock prices. These stunning losses account for the large-



scale retreat in consumer spending as shown in Chart 7, which shows the annual average growth in real personal consumption expenditures for the period 2005 through 2010, with forecasts for 2010 to 2015. With consumers no longer able to tap into growing equity in their homes and unemployment levels at 10 percent, consumer spending plunged in both 2008 and 2009. The 2009 decline was the largest since 1974. Furthermore, annual growth in real consumer expenditures had declined only twice before in the post-war period. Declines also occurred in 1974 and 1980, but in the post-war period there had never been two consecutive years of declines until 2008 and 2009. Real consumer expenditures rebounded in 2010, but at a subdued rate of 2.0 percent – much lower than the average of 3.6 percent annual growth that the U.S. experienced from 1997-2007.

Current Conditions

Growth in the economy accelerated during the last quarter of 2011. The national economy, as measured by growth in real GDP, increased at an annual average rate of 2.8 percent during the last quarter of 2011, as seen in Chart 2 earlier. This growth rate is the highest since the second quarter of 2010 and outpaced the subdued average of 1.7 percent quarterly growth during the intervening period. However, many economic forecasters do not think the uptick in economic activity during the last quarter of 2011 is the start of a stronger recovery. Rather, many economists feel that the recent growth is the result of numerous temporary factors, and they expect quarterly growth in real GDP to slow considerable over the next three quarters, as seen in Chart 2.

Employment levels have grown, albeit at a somewhat tepid pace, during 2011. Manufacturing and mining employment growth led the nation during 2011, with manufacturing adding the most jobs in 14 years and with mining adding more jobs than it had during any period in the last 30 years. U.S. factories added 225,000 jobs during 2011 and mining employment grew by 89,300 positions. Oil and gas extraction accounted for 25,200 of those jobs, the largest gain in 30 years. The rising demand for skilled, higher-paid workers in manufacturing and mining, along with employment gains in health care and information technology, should boost wage levels and accelerate the recovery. Other sectors gaining employment in 2011 included retailers, who added 240,000 jobs – the largest gain since 1999, and the leisure/hospitality sector, which added 268,000 jobs. Finally, the construction industry added 46,000 workers last year, its first gain since 2006. Home builders added 3,600 jobs, the first such expansion in that component of the construction sector since 2005.

Employment growth during 2011 is estimated to have been approximately 1.6 million jobs, a gain of 700,000 jobs over the 940,000 positions created in 2010. The employment gain in 2011 was the largest gain since 2006, and the national unemployment rate dropped to 8.5 percent in December 2011, the lowest figure since February 2009. Even with two years of growth, however, the U.S. economy is still a long way from recovering the 8.75 million jobs lost during the recession.

Furthermore, the unemployment rate provides only a partial snapshot of the U.S. labor market. The Bureau of Labor Statistics, the federal agency that tracks unemployment, conducts a monthly survey of households to determine the estimated level of unemployment in the U.S. To be counted as unemployed by the Bureau of Labor Statistics, one must be out of work but actively searching for

work. Given the length of the most recent recession and the “jobless” recovery to date, approximately 2.5 million potential workers have given up on finding employment. This subset is termed “discouraged workers;” these workers are not even considered part of the labor force and thus are not counted as unemployed. If the unemployment rate included all 2.5 million discouraged workers, the unemployment rate would likely be 1.5 percent higher, going from 8.5 percent to 10.0 percent in December 2011.

Further, consider that a significant portion of the U.S. labor force is counted as employed even though they are working only part-time because that is the only employment they can find. Analysts call this “labor underutilization,” and workers in that category currently number approximately 9 million. If these three categories – the unemployed, the discouraged worker and the under-utilized worker – are combined, the “unemployment” rate climbs to 17 percent – or approximately 26 million Americans.

Finally, the length of time people remain unemployed is a significant issue impacting economic growth. Currently, more than 6 million people, or 41 percent, of the estimated 14 million unemployed Americans have been without a job for more than 27 weeks. In December 2007, when the most recent recession began, only 1.3 million were unemployed that long. An additional 1.3 million Americans have exhausted their maximum of 99 weeks of unemployment compensation and are receiving no government benefits but remain unemployed. Economists agree that additional and sustainable gains in employment will be needed to ensure that U.S. consumers continue their recently elevated levels of spending.

While consumer spending increased during the second half of 2011, it stalled considerably during December 2011. U.S. retail sales rose a slight 0.1 percent in December, which was the third consecutive month of lower-than-expected growth. All told, the value of sales during December, excluding autos, fell 0.2 percent, the first such drop since May 2010. This slowing momentum in consumption suggests that Americans are starting to pull back on expenditures as stagnant wages, limited job potential and increasing debt loads weigh more heavily on consumers. The recent growth in consumer spending was likely due to an increase in the use of consumer credit. A report issued by the Federal Reserve indicates that consumer borrowing in the U.S. rose in November by the most in 10 years as credit increased \$20.4 billion, the largest spike since November 2001. Borrowing levels have increased in six of the past nine months and the consumer savings rate has dipped to its lowest level since December 2007. It is estimated that nearly one in five Americans with a home mortgage still owes more on their loan than their home is worth. Declines in the U.S. stock markets during the late summer and early fall are estimated to have wiped out \$2.4 trillion in household wealth. As such, the recent increase in borrowing to fuel consumption would appear to be unsustainable as real income growth has been stagnant since 2003, job creation is tepid and wealth levels continue to erode. Moreover, consumer spending increase of 2.3 percent in 2011 and 2.0 percent in 2010 were the weakest two-year performance of any expansion in the post-war era.

Recent business investment into machinery and equipment has been dramatically outpacing job creation in the U.S. In no recovery in the post-war era have firms been faster to increase spending on business investment while at the same time hiring so slowly. The hiring that has been occurring to date has been too little to materially bring down the national unemployment rate. Employers have added an average of 142,000 jobs during the last six months of 2011, or about half of what is necessary to significantly reduce the unemployment rate. While business investments increase productivity and over time lead to more jobs and a higher standard of living, in the short term this trend is adversely impacting employment growth. Since the economy began expanding in 2009, investment in equipment and software has surged 31 percent, adjusted for inflation. This surge is greater than all post-recessionary periods except for the 1970 and 1982 recoveries. Conversely, the slow pace of hiring, which has averaged just 1.4 percent growth, is lower than all other post-war recoveries with the exception of the 1980 and 2001 recessions.

As measured from the start of the most recent recession (December 2007), the economic recovery in the U.S. has been the weakest since World War II. Following prior recessions, the economy, as measured by GDP, has always surpassed its pre-recession high within two years. At four years in length, the current recovery took twice as long to surpass pre-recession GDP levels, after adjusting for inflation. Job creation has been worse than in past recoveries. Today, approximately the same number of Americans are working as in June 2000, fully 12 years and two recessions ago, despite the fact that the population of the U.S. has risen 31 percent since that time.

Despite this slow pace, job creation during the recovery has started to accelerate, although modestly, since April 2010 as approximately 2.6 million net new jobs have been created. However, through December 2011, the U.S. economy has nearly 6.1 million fewer jobs than the pre-recession peak in January 2008.

The Forecast

Economic growth slowed during the first three quarters of 2011, averaging just 1.2 percent over this period. Stronger growth of 2.8 percent is estimated to have occurred during the fourth quarter of 2011. Economic growth is expected to again weaken during the first three quarters of 2012, averaging just 1.5 percent, as seen in Chart 2 earlier. Modest economic growth is forecast for the national economy from the first quarter of 2012 through at least the first quarter of 2013, with stronger growth forecast to occur from the second quarter of 2013 through at least the second quarter of 2014, according to a combination of data from both IHS Global Insight and Moody's Economy.com economic forecasts.

Annual growth in real GDP is projected to have been 1.7 percent in 2011. A combination of data from both forecasting sources is highlighted in Table 1. This table presents actual data for 2010 and forecasts for the 2011-2013 periods for several national economic indicators. The economy rebounded modestly from the recession during 2010 and generally slowed from that pace in 2011, although real personal consumption grew at a greater rate in 2011 than it did in 2010. The U.S. economy is projected to continue to expand at a modest rate through 2013 and beyond.

Declines in housing construction and housing finance led the economy into recession. Residential housing construction experienced annual declines of 23.2 percent and 38.4 percent in 2008 and 2009, respectively. The enactment of federal tax breaks for first-time homebuyers boosted activity during late 2009. The extension of these tax breaks into 2010 helped to boost activity during the first half of 2010 before a slowdown in the latter half of the year. For all of 2010, new housing starts grew 5.6 percent on an annual basis. Sales of existing homes rose in 2009 for the first time in four years. However, this growth was short-lived, as sales of existing homes declined 4.5 percent in 2010 before rebounding minimally in 2011 with a 1 percent annual growth rate.

Overall median existing housing prices rose 0.1 percent in 2010 but fell again by 4.1 percent in 2011. New housing starts are estimated to grow 2.6 percent in 2012, followed by more robust growth of 42.2 percent in 2013. Existing home sales are projected to grow 2.5 percent in 2012, followed by 8.5 percent growth in 2013. Existing home prices are expected to grow 2.4 percent in 2012 and 4.2 percent in 2013. The importance of housing, which represents 15 percent of the national economy, means that ending its slump is critical for a broader and more sustainable economic recovery. Housing is no longer expected to drag down the economy, but the loss of housing wealth is expected to continue to inhibit consumer spending.

Declining wealth from home values and stock market losses in 2008 and 2009 erased an estimated \$14 trillion in household wealth, although 2010 stock market gains likely recouped about one-third of that loss. Nevertheless, the lingering effects of those losses, combined with declining real wages and persistently elevated unemployment, caused U.S. consumers to drastically reduce their spending during 2008 and 2009, as shown in Chart 7. While spending declined on an annual basis during 2009, the last two quarters of 2009 did show growth: Real consumer spending grew an estimated 2.9 percent in the third quarter and 1.7 percent in the fourth quarter. Consumer spending began to gain traction during 2010, rising to an annual rate of 4.3 percent by the fourth quarter of 2010. Consumer spending moderated during 2011 from the pace set at the end of 2010. Overall,

Indicator	2010	2011p	2012p	2013p
Nominal GDP	4.2	3.9	3.1	3.7
Real GDP	3.0	1.7	1.8	2.4
Real Personal Consumption	2.0	2.3	2.2	1.9
Corporate Profits (After Tax)	19.0	5.8	2.6	9.1
Unemployment Rate (Rate)	9.6	9.0	9.0	8.8
CPI	1.8	3.2	1.4	1.8
Federal Funds (Rate)	0.2	0.1	0.1	0.1

*Assumptions in this chart, as well as other assumptions, are incorporated in the 2012-13 fiscal year revenue estimates.
p=projected

real consumer spending grew at an annual rate of 2 percent during 2010 and then grew further during 2011, finishing the year at an estimated annual growth rate of 2.3 percent.

The forecast for 2012 includes an estimated gradual slowdown in the projected growth of real consumer expenditures. Estimated annual growth of 2.2 percent is forecast for 2012 and 1.9 percent growth is forecast for 2013. Beyond 2013, real consumer spending is expected to grow moderately, in the mid two percent range through 2015. These levels are well below the average annual growth in real consumer spending of 3.6 percent experienced from 1992-2007. It is expected that consumer spending will be constrained by chronically high unemployment, tight credit, diminished household wealth, potentially rising federal income and payroll tax rates in 2013 and exhausted unemployment compensation benefits for millions of chronically unemployed persons. Finally, more than \$1.2 trillion in automatic federal government spending cuts are slated to begin in 2013, which could also negatively impact consumer spending and the recovery in general.

Personal income growth experienced a similar annual decline in 2009, down 4.4 percent. Despite elevated unemployment, growth in real personal income returned in 2010, growing 1.5 percent annually. Stronger gains in real personal income are estimated to have occurred in 2011, with an annual increase of 2.3 percent. However, the rate of growth in personal income is forecast to remain relatively constant at approximately 2.1 percent from 2012 through 2013. Stronger annual growth is forecast to return in 2014 and 2015, as shown in Chart 10 below, as the economy continues to expand and as unemployment gradually eases.

Economists agree that additional and sustainable gains in employment will be needed to ensure that U.S. consumers continue their recently elevated levels of spending. As during the previous recovery in 2003-04, job growth will likely be minimal during this recovery. Unemployment rates are expected to remain elevated at 9.0 percent and 8.8 percent in 2012 and 2013, respectively. December 2007 saw peak employment at 138 million people, and economists project that it will be at least until 2013 before that figure is reached again.

Current geo-political risks remain a significant threat to the economic forecast for growth in the near term. The economic recession in the European Union could adversely impact U.S. exports and thereby the broader recovery. European sovereign debt concerns – particularly in Greece, Spain, Portugal and Italy – are placing greater strains on the European financial system, and the future of the common currency, the euro, is in doubt.

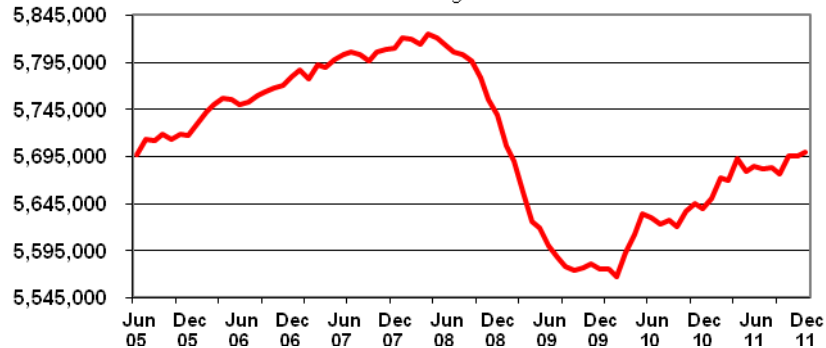
Political unrest that occurred during 2011 in North Africa and the Middle East led to the toppling of governments in Tunisia, Libya, Yemen and Egypt. This unrest continues in 2012 and is threatening to destabilize Syria and Iraq. The U.S. completed its withdrawal of combat troops from Iraq in December 2011, and it appears as if Iraq may be backsliding into the ethnic strife that previously ravaged the country. Further, in response to economic sanctions imposed on it by the U.S. and the European Union as a result of its continued nuclear weapons program, Iran has once again renewed its threats to close the strategically important Straits of Hormuz, through which nearly 40 percent of the world's oil flows. These factors have placed upward pressure on the benchmark price for crude oil, causing it to rise to approximately \$100 per barrel on concerns of supply disruptions. The biggest risk to the economy from climbing energy prices lies with consumers. Since consumer spending accounts for roughly 70 percent of real GDP, rising oil and gasoline prices could significantly moderate projected growth in consumer expenditures and real GDP in the near term. It is estimated that each 1 cent increase in the price of gasoline takes about \$1 billion out of the pockets of consumers over the course of a year, leaving them with less money to spend on other goods and services.

As noted previously, trillions of government dollars were spent between 2007 and 2010 trying to keep the global economy from sinking into depression. Fears are now growing that the massive debt accumulated during the Great Recession will complicate any recovery for years to come. A consensus of economists believes that the Fed will not begin to raise interest rates until at least late 2014 in its continued attempt to both keep inflation down and to encourage employment growth. More recently, the Fed has indicated that it may engage in its fourth round of quantitative easing through a large-scale asset purchase likely in the \$600 billion range, similar to its QEII initiative. This policy assumes that increased employment will then lead to increased consumption, and a self-sustaining economic recovery will follow.

Pennsylvania Outlook

The commonwealth's economic performance is largely dependent upon job growth. As the U.S. and state economies entered into recession in late 2007, employment in the commonwealth peaked in January 2008 at 5.811 million non-agricultural jobs, as seen in Chart 8. During the most recent recession, which officially lasted from December 2007 until June 2009, Pennsylvania lost nearly 234,000 jobs. Job growth returned in 2010, albeit at modest levels. During 2010, approximately 64,000 net new jobs were produced in the commonwealth. As with the employment picture in the U.S. in general, however, this growth was fitful during the year. All of the 2010 net gains in employment in Pennsylvania were achieved during a three-month period from March to May 2010, when more than 67,000 jobs were created. The remaining months of 2010 resulted in a marginal net loss of 3,000 jobs. This pattern continued during 2011 as approximately 60,000 jobs were created through December 2011, with most of the growth occurring during three single monthly periods that occurred sporadically throughout the year. Employment growth is expected to accelerate in the commonwealth during 2012 as total growth in employment is forecast to be nearly 80,000 by December 2012.

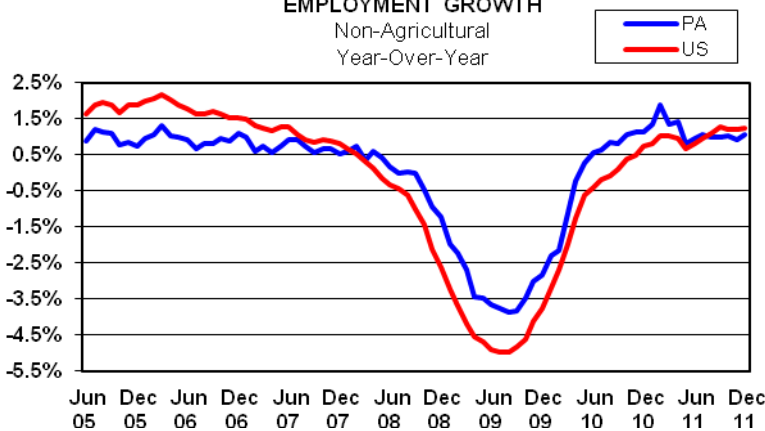
Chart 8
PENNSYLVANIA EMPLOYMENT
Non-Agricultural



During the most recent recession, job losses in Pennsylvania were less than in the U.S., and the commonwealth's unemployment level was consistently at or below the national average. Nationally, Pennsylvania ranked 23rd best in terms of fewest job losses during the most recent recession – placing it just above the middle of the 50-state ranking. In December 2009, the commonwealth's unemployment rate was 8.9 percent – its highest level since August 1984, while the national unemployment rate for December 2009 was 10 percent.

The commonwealth's unemployment rate rose to 9.3 percent in July 2010 and the national unemployment rate topped out at 10.1 percent in October 2010. Since that time, the Pennsylvania unemployment rate has been declining steadily; it was 7.6 percent in December 2011, while the U.S. unemployment rate was 8.5 percent. Since the diversification of the commonwealth economy in the 1980s and 1990s, Pennsylvania's unemployment rate has traditionally been equal to or below the national average. The commonwealth's unemployment rate is forecast to remain relatively constant at around 8 percent for 2012 and 2013, before declining to 7.3 percent in 2014 and 6.4 percent in 2015.

Chart 9
EMPLOYMENT GROWTH
Non-Agricultural
Year-Over-Year



Pennsylvania's fiscal year 2009 job losses were lower than the national average, and they remained less steep than those of the surrounding states of New Jersey, Delaware and Ohio. Further, among the ten largest states, only Texas, New York and Pennsylvania lost jobs at rates lower than the national average. As job losses were more subdued in Pennsylvania in 2008 and 2009, the commonwealth moved up to 19th in the ranking of average annual state growth in employment (with the first being the best). During 2010, the commonwealth percent change in employment growth

reached as high as 13th nationally. Pennsylvania has traditionally been around 40th or below in this ranking, particularly during expansionary periods of strong job creation. The comparatively strong ranking, however, is somewhat deceptive: While the state does not generally produce as many new jobs when the economy is going strong, the commonwealth also does not suffer as much as the rest of the country as a whole during periods of economic contraction, as shown in Charts 9 and 10. During 2011, as the national and state economies were expanding, other states began to overtake Pennsylvania in terms of job creation, as measured in the percent change in employment, and the *commonwealth's* ranking dropped from 13th best in the nation to 23rd.

This pattern has been evident since the 1990s, following the significant diversification of the Pennsylvania economy. A reduced reliance upon manufacturing and mining employment has been part of this trend, along with the expansion of education and health care-related jobs in the commonwealth. Both of these sectors are less prone to recessions.

Employment in the commonwealth saw job losses across all sectors in 2009 except for the educational and health services sectors – which had job growth of 2.0 percent in 2009, and the government sector – which had job growth of 0.1 percent in 2009. The manufacturing and information technology sectors had the worst year-over-year rate of job losses in Pennsylvania in 2009, with manufacturing jobs down 10.3 percent and information technology jobs down 6.6 percent. The construction, natural resources and mining, financial services, and professional and business services sectors also saw significant job losses in 2009, with each sector experiencing year-over-year job losses in excess of 5.4 percent.

Similar employment trends continued within the commonwealth during 2010 as most sectors saw declines in employment. The exceptions were the education and health services sector and the leisure and hospitality service sector, which had gains of 1.1 percent and 2.3 percent, respectively, in 2010. The construction, manufacturing and financial services sectors experienced the largest year-over-year declines in employment during 2010: at -2.1 percent, -2.8 percent and -3.0 percent, respectively. The trade and transportation sector and information services also saw job losses during 2010.

The commonwealth's employment picture turned around in 2011 and saw gains across all sectors, with the lone exception of government employment. Total non-farm employment rose nearly 1.0 percent during 2011. Employment in the mining and logging sector, paced by the rapid expansion of natural gas drilling, grew 17.4 percent in 2011. The information services sector grew at an annual rate of 3.2 percent in 2011. The leisure and hospitality sector grew 2.1 percent and manufacturing grew 1.4 percent in Pennsylvania during 2011. Government employment declined 2.7 percent during 2011.

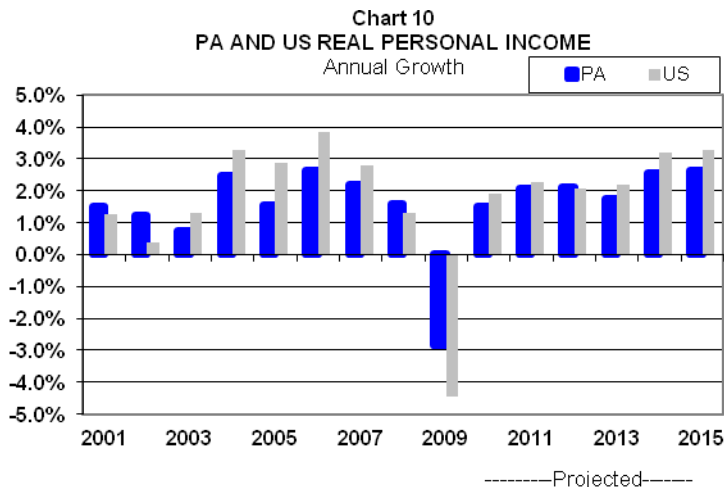
As the national economic recovery gains strength, the annual growth in employment levels in Pennsylvania is forecast at 1.1 percent in 2012, while U.S. employment growth is expected to be 1.2 percent in 2012. Slightly more robust job growth of 1.4 percent is forecast for the commonwealth in 2013. As the national economy gains further strength, the rate of job growth in Pennsylvania is expected to again lag behind the national average beginning in 2012.

Total peak-to-trough job losses for the commonwealth during the most recent recession were an estimated 271,000 and the state unemployment rate peaked at 9.3 percent during July 2010. According to forecasts from IHS Global Insight, the commonwealth's unemployment rate is expected to remain elevated, at around 8.0 percent, during 2012. Employment levels in Pennsylvania are not expected to surpass the pre-recession peak of 5.811 million until mid-2013, according to current forecasts.

Housing construction bottomed out in Pennsylvania in 2009, down from a high of 45,000 new units in 2005 to just over 16,000 units in 2009. During 2010, new housing starts rebounded in the commonwealth, growing to nearly 20,000 – or a 21.2 percent increase from the prior year. Pennsylvania housing starts slid backwards in 2011 by 13.6 percent as new starts declined from nearly 20,000 units to approximately 17,000 units. Economic forecasts project that housing starts will continue to decline in 2012 at an annual rate of 4.2 percent, followed by more robust growth of 36.3 percent in 2013. The rate of sales of existing homes, which declined by 17.5 percent during 2008, slowed to an annual decline of 0.2 percent in 2009. Sales of existing homes weakened further during 2010, declining 8.2 percent from the prior year. Sales of existing homes in the commonwealth further

declined in 2011 by 2.3 percent. Economic projections indicate a start to a sales rebound, with growth of 3.7 percent forecast in 2012, followed by stronger growth projected in 2013 through 2015.

Pennsylvania has weathered the bursting of the housing bubble better than most other states. The commonwealth ranks 23rd in the country in loans in foreclosure and 41st in the nation in terms of new loan foreclosures initiated in 2011. (In these rankings, a smaller number indicates more foreclosures.) Further, while home prices had been falling dramatically throughout the nation, home price appreciation in Pennsylvania had essentially stalled from 2007 to 2010. During 2011, the average price of a Pennsylvania home declined 2.1 percent. Home prices in the commonwealth are forecast to decline minimally, 0.9 percent, in 2012 before home values begin to appreciate in 2013.



The inverse relationship of U.S. and commonwealth growth in personal income re-emerged during the recent recession. Chart 10 plots actual and projected annual real personal income growth for Pennsylvania and the United States for the years 2001 through 2015. As shown, growth in Pennsylvania real personal income exceeded the national average during the 2001 recession and the subsequent “jobless-recovery” period through mid-2003. As the national economy gained traction in late 2003, personal income in the U.S.

began to exceed the Pennsylvania average – although Pennsylvania’s personal income growth remained strong and positive. As the most recent recession deepened, the rate of growth in real personal income plunged for the nation as a whole, as it did for the commonwealth. However, the decline in the rate of growth was less severe for Pennsylvania than for the rest of the nation. In fact, the commonwealth ranked 12th in the nation in terms of the percent change in personal income during 2008.

For all of 2009, Pennsylvania’s rate of growth in real personal income declined 2.9 percent while the nation as a whole dropped 4.4 percent. During 2010, the commonwealth’s 1.5 percent growth in real personal income was close to the 1.9 percent national growth rate. That year Pennsylvania ranked 25th in the nation in terms of its rate of growth in personal income. As the national and state economies expanded during 2011, personal income in the commonwealth grew by 2.1 percent, compared to 2.3 percent nationally. Based on current projections, the commonwealth is expected to equal the national average growth in real personal income in 2012, with both rising at a rate of 2.1 percent. The improved commonwealth performance is partially the result of the diversification of the Pennsylvania economy and a stronger state labor market. The growth of less recession-prone industries such as health care, pharmaceuticals and education has also aided the commonwealth, as has the re-emergence of employment growth in both mining and manufacturing.

Pennsylvania-based energy and mining firms historically led the nation during much of the past two centuries before falling on hard times in the 1980s. Escalating oil and natural gas prices have contributed to increased exploration for new energy reserves. While mining activity has declined significantly within the commonwealth, the emergence of the Marcellus Shale natural gas reserves under much of Pennsylvania is leading to a resurgence in the industry. The Marcellus Shale natural gas field could be the second-largest natural gas field in the world, and producers are spending billions of dollars in the commonwealth to increase production. Over 1,000 drilling permits were granted in Pennsylvania in 2010 – more than double the rate approved in 2008. Estimated job creation tied to the expanded natural gas industry is forecast to add upwards of 200,000 jobs and more than \$18 billion in output to the state economy by the end of the decade.

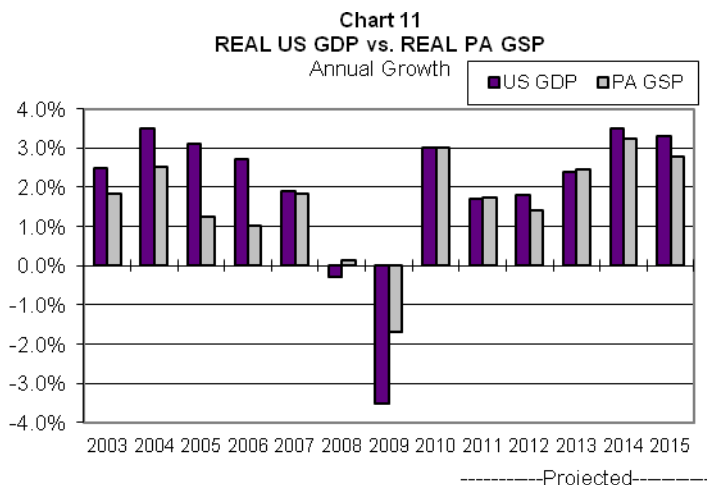
An illustration of this economic growth potential from Marcellus Shale is being played out in housing prices in the greater Williamsport area, which saw its housing price index grow 8.38 percent in 2010. This growth was second in the nation to only the Texas city of Laredo, which grew 9.52

percent in 2010. Further, according to a recent federal report, the 12 fastest-growing occupations in Pennsylvania are all related to Marcellus Shale drilling and the number of employees in core oil and gas industries in the commonwealth has more than doubled in the last three years, with 74 percent of these new hires coming from within Pennsylvania.

A secondary benefit of Pennsylvania's natural gas expansion is the increased industrial development that comes from lower energy prices. According to calculations by the Pennsylvania Public Utility Commission, the decrease in natural gas prices, generally driven by a spike in supply, has saved commonwealth energy consumers approximately \$13 billion over the last two years. Natural gas is becoming an even larger component of electricity generation in Pennsylvania, as 17 percent of the commonwealth's electricity is generated by natural gas. This is a ten-fold increase since 2001, according to the U.S. Energy Information Administration. An expanding natural gas extraction industry in Pennsylvania will likely continue to result in increased economic benefits to the commonwealth, as more than 55 percent of all U.S. households use natural gas to heat their homes and 25 percent of U.S. electricity is generated by natural gas.

Natural gas production has been increasing exponentially in the U.S. over the past decade; in 2009, the U.S. passed Russia as the world's largest natural gas producer. The U.S. production of natural gas from shale formations has gone from practically zero in 2000 to more than 13 million cubic feet per day, or roughly 30 percent of the nation's natural gas supply. In addition, most of the gas produced in the U.S. stays in the U.S., aiding the expansion of the economy. Estimates of the amount of natural gas consumed in the U.S. that is domestically produced range as high as 87 percent, and much of that gas is produced in Pennsylvania.

The short-term outlook for Pennsylvania is that its economy remains heavily dependent on the national economy. Economic growth in Pennsylvania has a high correlation with growth in the U.S. economy, as illustrated in Chart 11. As with trends in real personal income during expansionary periods, Pennsylvania's gross state product (GSP) growth often lags behind the rate of growth in U.S. gross domestic product (GDP). The greatest recent gap between the two rates of growth was in 2006. Since then, the commonwealth's GSP growth rate has steadily gained on the U.S. GDP



growth rate. The commonwealth has actually outperformed the national economy during the three most recent years. During 2008, the commonwealth's economy grew at an annual rate of 0.2 percent while the national economy contracted at a rate of 0.3 percent. Similarly, during 2009, the state economy outperformed the national economy by recording a lower loss: -1.7 percent for the commonwealth versus -3.5 percent for the broader U.S. economy. During 2010 the commonwealth's economy expanded at a rate of 3.0 percent – identical to the 3.0 percent growth rate for the national economy. Again in 2011, the Pennsylvania and national economies expanded at roughly the same rate of 1.7 percent annual growth. As the economic recovery gains strength, the gap between the two rates of growth is expected to re-emerge beginning in 2012 and continuing through at least 2015.

SUMMARY OF MAJOR OPERATING FUNDS

The total 2012-13 operating budget for the commonwealth is \$63.3 billion. It includes \$27.1 billion in the General Fund, more than \$2.5 billion in the Motor License Fund, nearly \$21.5 billion in federal funds and \$12.2 billion in fees and other special fund revenues.

The majority of the commonwealth's operating expenses are paid from the General Fund, Motor License Fund and Lottery Fund. The following provides an overview of major revenues and expenditures. More details regarding these funds may be found in Section C: Summary by Fund and Section E: Department Presentations.

General Fund

Revenue

The General Fund is the commonwealth's largest operating fund. It receives all tax revenue, non-tax revenue and Federal grants and entitlements not specified by law to be deposited elsewhere. The General Assembly makes appropriations of specific amounts from tax revenue and certain non-tax revenue of the General Fund. These amounts are contained in this budget as General Fund Revenue Sources.

Tax revenue in the General Fund constitutes over 95 percent of annual General Fund revenue. Four taxes account for the majority of General Fund tax revenue. The personal income tax, the sales and use tax, the corporate net income tax and the capital stock and franchise tax together provide approximately 85 percent of annual General Fund revenue. For non-tax revenue, the largest sources of revenues are typically from profit transfers from the Pennsylvania Liquor Control Board, earnings of investments, and the escheats or "unclaimed property" program.

Recent Revenue Trends: For the five fiscal years ending with 2010-11, total General Fund revenue grew by 0.2 percent. The rate of growth for revenue during the period has been adversely affected by the recent economic recession and the lack of significant economic growth during the post-recessionary period. Without adjusting for tax rate and base changes, the major tax revenue sources experiencing the largest growth during this period were the alcoholic beverages tax and the cigarette tax. Each had five-year total increases of more than 28.4 percent and 38.1 percent, respectively. Revenue from some tax sources declined over the period. Receipts from the realty transfer tax declined 51.1 percent and corporate tax fell by 15.5 percent. Non-tax revenue sources during this period increased by 35.6 percent overall or an average of 7.9 percent annually. Increased transfers from other funds during the 2009-10 fiscal year accounted for most of the increase during the period.

Receipts from the personal income tax in recent fiscal years had been steadily improving since the recession of 2001. However, the most recent recession has resulted in year-over-year declines in personal income tax receipts from fiscal year 2007-08 through fiscal year 2009-10. Annual declines in personal income tax receipts were 6.5 percent and 2.3 percent in the fiscal years ending 2008-09 and 2009-10, respectively. Growth in personal income tax receipts returned in 2010-11 with a year-over-year increase of 4.7 percent. Due to the two year declines in personal income tax revenues and without adjusting for changes in the tax rate, personal income tax collections over the past five completed fiscal years have averaged just 1.7 percent annual growth. After a moderate but brief period of economic growth in the first half of calendar year 2011, lower than estimated economic growth occurred during the second half of calendar year 2011. Commonwealth tax receipts have been responding accordingly, performing below estimate for the 2011-12 fiscal year-to-date. Through December 2011, personal income tax receipts are 3.5 percent below the certified revenue estimate for fiscal year 2011-12. For fiscal year 2011-12, personal income tax receipts are anticipated to be 1.7 percent below the 2011-12 estimate. Personal income tax receipts for fiscal year 2011-12 are expected to grow 3.6 percent above 2010-11 actual collections. For fiscal year 2012-13, personal income tax receipts are expected to grow 4.7 percent above the revised estimate for fiscal year 2011-12. Estimates for the personal income tax are developed from a regression equation that uses forecasts of wages, salaries, interest, dividends and rents.

The sales and use tax is levied on taxable property and services used by consumers and by businesses. Annual growth rates for this tax have been weak during the most recent decade when compared to pre-2000 levels. Sales and use tax receipts over the past five completed fiscal years have been flat. The national economic recession adversely impacted sales and use tax receipts during three of the past four recently completed fiscal years. Annual declines of 1.1 percent, 4.3 percent and 1.3 percent occurred during the fiscal years-ending 2008, 2009 and 2010. These three year annual declines in sales and use tax receipts were the first such year-over-year declines since 1990-91. This negative trend ended during the 2010-11 fiscal year as receipts grew robustly at 7.0 percent. Through December 2011, sales and use tax receipts are 0.5 percent below the 2011-12 estimate. Sales and use tax receipts for all of 2011-12 are projected to be 0.5 percent below the 2011-12 estimate. For 2012-13, consumer spending is expected to increase slightly and produce a growth rate of 4.0 percent above the revised 2011-12 estimate. Estimates for the sales and use tax

are developed from a regression equation that uses forecasts of national consumer expenditures on durable goods, business investment, and national consumption on new and used motor vehicles.

The largest General Fund tax on business is the corporate net income tax. Annual receipts from the corporate net income tax can vary significantly from year-to-year and may experience a year-over-year decline. This variability is due to fluctuations in corporate profitability, including losses, the availability and use of tax credits and net operating loss deductions, and the timing of estimated and final state tax payments based on when a corporation's tax year begins. Corporate tax receipts, including both the corporate net income tax and the capital stock and franchise tax, had been declining during the period of 2008-2010, however, growth in corporate tax receipts returned in fiscal year 2010-11. Previously enacted tax rate reductions to the capital stock and franchise tax continue to be implemented which annually reduce the tax rate imposed until it will be entirely eliminated at the end of calendar year 2013. The most recent economic recession has been very hard on corporate profits. Corporate tax receipts over the past five completed fiscal years have decreased by total of 15.5 percent, as corporate profits plunged in 2009 and 2010. During those two fiscal years, corporate tax receipts declined 19.5 percent and 7.8 percent respectively. As result, corporate tax receipts averaged a loss of 4.1 percent annually for each of the past five fiscal years. However, this trend reversed itself during the most recently completed fiscal year. Fiscal year 2010-11 corporate tax receipts grew 15.6 percent from their prior year levels. However, weakness in the underlying economy has adversely impacted corporate tax receipts during the current fiscal year. To date through December 2011, corporate tax receipts are 2.8 percent below 2010-11 levels during the same period. Corporate net income tax receipts for all of 2011-12 are projected to decline by 11.3 percent below 2010-11 actual receipts and capital stock and franchise tax receipts are expected to decline 11.3 percent below 2010-11 levels. The moderate recovery from the national economic recession is expected to positively impact corporate net income tax receipts in 2012-13, as such receipts are projects to grow 10.4 percent above the revised 2011-12 estimates. Conversely, the effects of the continued rate reduction for the capital stock and franchise tax will likely result in a decline of 34 percent from this source of corporate taxes in 2012-13. Estimates for the corporate net income tax are developed from a regression equation that uses forecasts of national before-tax corporate profits.

Expenditures

The General Fund is the primary funding source for most state agencies and institutions. More than three quarters of every dollar is returned to individuals, local governments, institutions, school districts, among others, in the form of grants and subsidies. The remainder pays operating expenses and debt service.

The total General Fund budget proposed for 2012-13 is \$27.1 billion. General Fund expenditure growth is projected to decrease 0.1 percent. Major program expenditures occur in the areas of education, public health and welfare and state correctional institutions.

PreK-12 Education (Basic Education): The financial responsibility for public education in Pennsylvania is shared by the commonwealth and 500 local school districts. Funds provided by the commonwealth supplement funds raised locally. State aid to local school districts is provided through various school subsidy payments for basic instruction, career and technical education, debt service, pupil transportation, school employees' retirement and various special education programs.

The largest such subsidy is the proposed Student Achievement Education Block Grant (SAEBG) which provides commonwealth aid to local school districts. This budget proposes more than \$6.5 billion for the SAEBG in state funds in 2012-13. This budget also proposes an increase of nearly \$8.1 million, to \$206.2 million, in state funds for Early Intervention services, which is an increase of 4.1 percent. In total, state funding for basic education is over \$9.5 billion in 2012-13.

Higher Education: Higher education in Pennsylvania is provided through 271 degree-granting institutions, which include the 14 universities of the State System of Higher Education, four state-related universities, community colleges and various other independent institutions. The budget proposes nearly \$1.37 billion for higher education institutions and students in state funds. This includes nearly \$379 million for student financial assistance.

Public Health and Welfare: The commonwealth provides support for its residents who are seeking to achieve and sustain independence. It also provides care, treatment and rehabilitation to persons with mental and physical disabilities and supports programs to prevent or reduce social, intellectual and physical disease and disabilities. For 2012-13, the total public health and human

services expenditures from all sources is \$29.8 billion; the amount from the General Fund will be \$10.9 billion, which is a decrease of \$43.8 million or 0.4 percent. While maintaining necessary services, this budget continues 2011-12 cost-containment initiatives and proposes additional cost-containment strategies in 2012-13.

The largest component of public health and welfare expenditures is the Medical Assistance (MA) program. In the last ten years, the program grew at an annual rate of 8.9 percent. Caseload growth has increased over the last four years after a period of relatively low growth due to economic conditions. Technological advances in medicine and general medical inflation, including increases in pharmaceutical prices, would have resulted in an increase in overall MA expenditures in 2012-13 if not for significant cost containment and operational efficiencies. Total funding in 2012-13 decreased by \$404 million from \$19.1 billion to \$18.7 billion. State funds are anticipated to increase from more than \$6.1 billion in 2011-12 to nearly \$6.4 billion in 2012-13, which is an increase of \$214 million or 3.5 percent. The state fund increase is due primarily to replacement of nonrecurring federal revenue, a decrease in the federal financial participation rate and an increase in caseload and utilization in the various programs.

Income maintenance, including cash assistance payments and child care services for families in transition to independence and self-sufficiency, totaled \$2.8 billion from all sources for 2011-12. This budget proposes to eliminate the cash assistance benefits provided through the General Assistance program. These benefits are funded exclusively with state funds. As a result, the 2012-13 budget reduces total resources to \$2.6 billion while the commonwealth's General Fund share is decreased from \$1 billion to \$846 million. Of the \$2.6 billion, the budget provides a total of \$721 million for child care services.

The 2012-13 budget continues to provide a continuum of services for individuals with mental health and intellectual disabilities, ranging from home and community-based supports to quality institutional care. In June 2002, the state supported 5,098 institutional beds. By June 2012, that will be reduced to 2,551, a reduction of 50 percent. Over that period the community budgets will have grown by \$953 million, an increase of 55.5 percent.

State Correctional Institutions: The 2012-13 budget proposed for the state correctional system is \$1.9 billion. From 2008-09 to 2012-13, total costs have grown from \$1.6 billion to \$1.9 billion. During this time, the inmate population has grown from 50,622 in 2008-09 to a projected peak of 51,720 in 2011-12 before declining in 2012-13 due to a series of savings initiatives and anticipated legislative changes.

Motor License Fund

The Motor License Fund is one of the special revenue funds of the commonwealth and a major operating fund of the commonwealth. It is the fund that receives most of the revenues required by the Constitution of Pennsylvania to be used only for costs of construction, reconstruction, maintenance and repair of and safety on highways and bridges in the Commonwealth and for the payment of debt service on obligations incurred for such purposes. The major sources of revenue to the Motor License Fund are from motor fuels taxes, vehicle registration fees, license and operators' license fees and excise taxes imposed on products used in motor transportation. Certain of these revenues are further restricted to specific highway uses and are not included in the Motor License Fund estimate of revenue.

Taxes on various fuels provided approximately 48.3 percent of total Motor License Fund revenues in 2010-11. Revenue from liquid fuels taxes have been weak over the past several years, posting declines in 2007-08 and 2008-09. However, revenues from this source rebounded in 2009-10 and posted a year-over-year gain of 5.5 percent. That growth continued in 2010-11 as liquid fuels tax revenues grew 3.5 percent. However, for the five-year period ending with 2010-11, liquid fuels tax revenues decreased at an annual average rate of 0.9 percent. Current fiscal year-to-date liquid fuels receipts are 0.8 percent above 2010-11 levels through December 2011. For 2011-12 an increase of 0.7 percent is projected while the budget for 2012-13 projects an increase in liquid fuels tax receipts of 0.5 percent over the revised estimate for 2011-12.

License and fee revenues represent the other major source of revenues for the Motor License Fund. Annual growth of receipts from these sources has also been weak. For the five-year period ending with 2010-11, license and fee revenues increased at an annual average of 0.6 percent.

However, as the national economy continues to recover, an increase of 0.8 percent in license and fee revenue is projected for fiscal year 2011-12 and for 2012-13 an increase of 1.8 percent is estimated.

Beginning in 2007-08, the commonwealth and the Pennsylvania Turnpike Commission reached an agreement for the Turnpike Commission to provide annual contributions for an expanded highway and bridge program and for local maintenance of roads and bridges. Annual contributions are projected at \$200 million.

The budget for 2012-13 recommends nearly \$4.2 billion for construction, reconstruction and maintenance of highways and bridges in the commonwealth. This is a reduction of 10% from 2011-12, primarily due to the loss of federal American Recovery and Reinvestment Act (ARRA) funds and the discontinuation of bond financing for bridge projects.

The Department of Transportation will continue to establish and maintain a first-rate infrastructure, which unites roads, rails, waterways, airports and information networks linking goods, services, people and ideas to our community, state and world markets.

Lottery Fund

The Lottery Fund is a special revenue fund that receives the proceeds of lottery sales. It provides funding for lottery prizes and for programs supporting older Pennsylvanians. These programs include assistance in the purchase of pharmaceuticals, property tax and rent assistance, community care programs and public transportation subsidies.

The largest program funded by the Lottery Fund is the Property Tax and Rent Rebate (PTRR) program within the Department of Revenue. This program allows older Pennsylvanians, surviving spouses over age 50 and permanently disabled citizens to lead fuller lives by restoring a portion of their income through property tax and rent rebate assistance.

Act 1 of Special Session No. 1 of 2006 expanded the current Property Tax / Rent Rebate program to give more Pennsylvanians a rebate while also increasing the amounts of the rebates. The expansion included increasing the household income limit from \$15,000 to \$35,000 and increasing the maximum rebate from \$500 to \$650.

The Pharmaceutical Assistance Contract for the Elderly (PACE) program provides pharmaceutical benefits to qualified older Pennsylvanians who face a growing burden from the cost of prescription drugs required to maintain healthy and productive lives.

Act 111 of 2006 created PACE Plus Medicare, which enables cardholders to take advantage of the features of both PACE and Medicare Part D. PACE Plus fills the coverage gaps encountered by cardholders in Medicare Part D, including deductibles, the doughnut hole phase of no Medicare coverage, drugs excluded under Medicare Prescription Drug, Improvement and Modernization Act (MMA) of 2003, drugs not on a plan's formulary and copayment differentials between the Part D plan coverage and the PACE and PACENET copayments. PACE Plus pays the Medicare premiums for Part D coverage for PACE cardholders, while PACENET cardholders must pay the Part D premiums.

The PENNCARE program provides home and community-based services to older Pennsylvanians to enrich their lives and enable them to delay or avoid moving to a nursing home. For additional details, see the Department of Aging presentation.

Act 44 of 2007 provides a transfer to the Public Transportation Trust Fund for distribution to transit systems providing free rides to older Pennsylvanians.

Tobacco Settlement Fund

On December 17, 1999, Pennsylvania finalized its contractual agreement with the five major tobacco companies under the Master Settlement Agreement (MSA). The MSA provides a perpetual reimbursement to states for the costs incurred as a result of tobacco use.

The Tobacco Settlement Act 77 of 2001 established the Tobacco Settlement Fund as the special revenue fund that receives the proceeds from the MSA for the commonwealth. It provides

funding for programs such as home and community-based care, tobacco use prevention and cessation, broad-based health research, medical care for workers with disabilities, contributions to the PACENET program and uncompensated care.

The fund included an endowment component to preserve a portion of the receipts to ensure funds for future generations, sustain critical programs if tobacco allocations decrease and provide ongoing revenue if tobacco allocations cease. The initial payment from the MSA of \$142 million was deposited into the endowment account. In addition, strategic contribution payments, earnings from investments and 8 percent of the annual payment from the MSA have been deposited into the endowment account. On June 1, 2011, all remaining assets, cash and investments in the Health Endowment Account transferred to the Tobacco Settlement Fund per Act 46 of 2010.

The 2005-06 budget initiated a resource redirection to take into consideration the escalating cost of long-term care services for Pennsylvania seniors and persons with disabilities. Beginning in 2009-10, funds from the Tobacco Settlement Fund were transferred to the General Fund to help balance the budget. In 2009-10 and 2010-11, Act 50 of 2009 and Act 46 of 2010 redirected 25 percent of the funds allocated to tobacco use prevention and cessation activities, 33.3 percent of the funds allocated to health care insurance, 100 percent of the funds allocated for the Endowment Account, tobacco revenue interest and earnings and the annual strategic contribution payment to offset the cost of long term care. In addition, Act 50 of 2009 redirected 37.5 percent of the funds allocated to tobacco use prevention and cessation to the General Fund and transferred \$150 million from the Endowment Account to the General Fund. Act 46 of 2010 redirected 37.5 percent of the funds allocated to tobacco use prevention and cessation to the General Fund, transferred \$121 million from the Endowment Account to augment the appropriation for payment of required contributions to the Public School Employees' Retirement System, transferred \$250 million from the Tobacco Settlement Fund to the General Fund, and transferred all remaining assets, cash and investments as of June 1, 2011 from the Health Endowment Account to the Tobacco Settlement Fund.

In 2011-12, Act 26 of 2011 redirects 62.5 percent of the funds allocated to tobacco use prevention and cessation activities, 33.3 percent of the funds allocated to health care insurance, 100 percent of the funds allocated for the Endowment Account and 18.2 percent of the funds allocated to uncompensated care to offset the cost of long term care. The 2012-13 budget proposes to continue the same percentage redirects currently in place for 2011-12 and also redirects 100 percent of the funds allocated to health research to offset the cost of long-term care.

Rainy Day Fund

Act 91 of 2002 created the Budget Stabilization Reserve Fund to replace the Tax Stabilization Reserve Fund as the commonwealth's Rainy Day Fund. The purpose of the Rainy Day Fund is to provide financial assistance to counterbalance downturns in the economy that result in revenue shortfalls in order to promote greater continuity and predictability in the funding of vital government services.

The Budget Stabilization Reserve Fund is to receive an annual transfer of 25 percent of the General Fund's fiscal year ending balance. The transfer requirement is reduced to 10 percent of the General Fund's ending balance if the balance of the Budget Stabilization Reserve Fund equals or exceeds 6 percent of actual General Fund revenues received for the fiscal year. Appropriations out of the Budget Stabilization Reserve Fund require approval by two-thirds of the members of each house of the General Assembly.

At the close of the 2001-02 fiscal year, the balance of the former Tax Stabilization Reserve Fund was nearly \$1.04 billion. In order to balance the 2001-02 and 2002-03 General Fund budgets, Act 91 of 2002 repealed the Tax Stabilization Reserve Fund and by law the entire balance was transferred to the General Fund. The General Appropriation Act of 2002 transferred \$300 million from the General Fund as an initial deposit into the new Budget Stabilization Reserve Fund. Subsequently, the General Appropriation Act of 2003 repealed this transfer and the \$300 million reverted back to the General Fund. In accordance with Act 91 of 2002, 25 percent of the General Fund's 2002-03 fiscal year ending balance, or \$69.8 million, was transferred to the Rainy Day Fund after the close of the fiscal year.

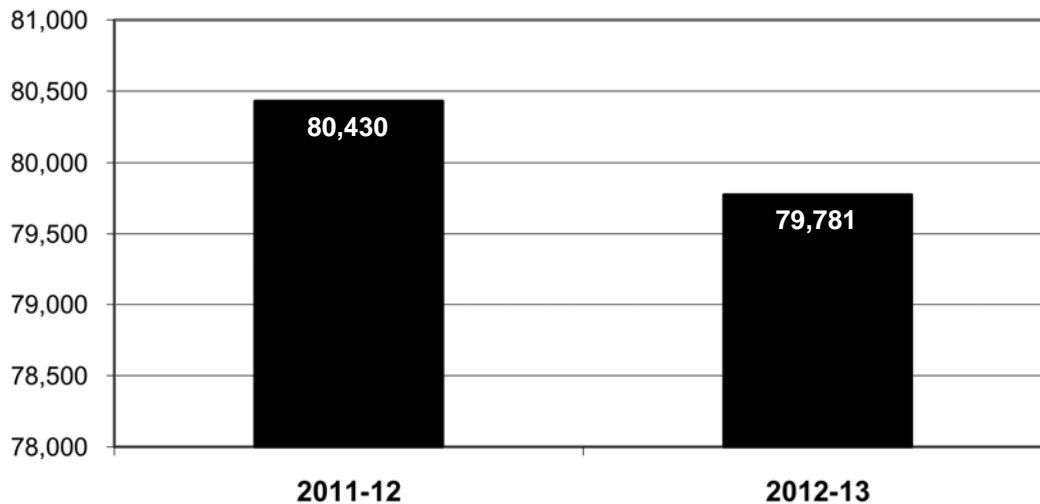
The transfer from the 2003-04 General Fund balance to the Budget Stabilization Reserve Fund of \$190 million exceeded the 25 percent statutory minimum and increased the balance in the Fund to more than \$260 million, bringing it slightly higher than the balance in 1996-97. In accordance with Act 41 of 2005, the transfer from the General Fund balance for the fiscal year 2004-05 was 15 percent of the balance; the amount transferred was \$64.4 million. Transfers of 25 percent of the General Fund balance amounted to \$171.4 million in 2005-06 and \$177 million in 2006-07. Act 53 of 2008 suspended the transfer of surplus funds to the Budget Stabilization Reserve Fund for 2007-08. To help balance the 2009-10 budget, Act 50 of 2009 authorized the transfer of \$755 million from the Budget Stabilization Reserve Fund to the General Fund. Act 46 of 2010 authorized the transfer of \$745,000 to the General Fund.

Act 26 of 2011 suspended the transfer of surplus funds to the Budget Stabilization Reserve Fund for 2010-11. There was \$61,000 remaining in the Budget Stabilization Reserve Fund as of June 30, 2011. This budget proposes to suspend the transfer of 25 percent of the 2011-12 General Fund surplus to the Budget Stabilization Reserve Fund.

Complement

A major component of any budget is the size of its workforce or complement. In Pennsylvania, a complement level (the number of full-time equivalent (FTE) salaried positions) is authorized by appropriation for each agency under the Governor's jurisdiction. A summary of authorized salaried complement by department is included in Section I of this budget document.

Authorized Complement



This budget proposes an overall reduction in the commonwealth's current authorized FTE salaried complement level in 2012-13 of 649 positions, from 80,430 to 79,781 positions.

In conjunction with this reduction in authorized position levels, filled positions have also been declining. The number of filled salaried positions in agencies under the Governor's jurisdiction was 76,663 when the Corbett Administration took office in January 2011. As of the end of January 2012, the number of filled salary positions was 75,272 – a reduction of nearly 1,400 filled positions or 1.8 percent.



STATEMENTS

This section summarizes the budget for the General Fund and selected Special Funds. It includes seven year financial statements for each of these funds, a seven year summary by agency and fund, summaries by the seven commonwealth programs, and several summaries for the General Fund including income by major source and outgo by program.

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Seven Year Financial Statements By Fund

The following financial statements are a summary of the General Fund and selected Special Fund revenues and expenditures for the 2010-11 actual year, 2011-12 available year, 2012-13 budget year, as well as future year estimates. Additional information on revenues and expenditures is detailed in subsequent tables and in Section C of this budget.

General Fund

(Dollar Amounts in Thousands)

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Beginning Balance.....	\$ -294,233	\$ 1,072,863	\$ 93,114	\$ 10,657	\$ 7,171	\$ 3,032	\$ 3,297
Revenues.....	\$ 27,497,217	\$ 27,121,936	\$ 28,395,066	\$ 29,156,816	\$ 30,024,535	\$ 30,982,341	\$ 31,831,697
Adjustments ^a	-1,056,050	-1,100,250	-1,335,000	-1,350,000	-1,380,000	-1,410,000	-1,440,000
Funds Available.....	\$ 26,146,934	\$ 27,094,549	\$ 27,153,180	\$ 27,817,473	\$ 28,651,706	\$ 29,575,373	\$ 30,394,994
Total Spending.....	-28,139,791 ^b	-27,001,435	-27,138,970	-27,807,912	-28,647,663	-29,570,977	-30,390,277
Federal ARRA Offset.....	3,065,720	0	0	0	0	0	0
Total State Expenditures.....	<u>-25,074,071</u>	<u>-27,001,435</u>	<u>-27,138,970</u>	<u>-27,807,912</u>	<u>-28,647,663</u>	<u>-29,570,977</u>	<u>-30,390,277</u>
Preliminary Balance.....	\$ 1,072,863	\$ 93,114	\$ 14,210	\$ 9,561	\$ 4,043	\$ 4,396	\$ 4,717
Less Transfer to Budget Stabilization Reserve Fund.....	0 ^c	0 ^d	-3,553	-2,390	-1,011	-1,099	-1,179
Ending Balance.....	<u>\$ 1,072,863</u>	<u>\$ 93,114</u>	<u>\$ 10,657</u>	<u>\$ 7,171</u>	<u>\$ 3,032</u>	<u>\$ 3,297</u>	<u>\$ 3,538</u>

^a Includes refunds, lapses and adjustments to beginning balances.

^b Includes State General Fund appropriations and Federal ARRA funds appropriated from the enhanced Federal Medical Assistance Percentage, the State Fiscal Stabilization Fund and the Education Jobs Fund.

^c Act 26 of 2011 suspended the 25% transfer to the Budget Stabilization Reserve Fund for FY 2010-11.

^d This budget proposes the suspension of the 25% transfer to the Budget Stabilization Reserve Fund for FY 2011-12.

Seven Year Financial Statements By Fund

Motor License Fund^a

	(Dollar Amounts in Thousands)						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Beginning Balance.....	\$ 165,145	\$ 317,996	\$ 148,614	\$ 74,253	\$ 37,048	\$ 14,808	\$ 5,179
Receipts.....	<u>2,555,702</u>	<u>2,434,412</u>	<u>2,433,560</u>	<u>2,474,680</u>	<u>2,493,140</u>	<u>2,512,100</u>	<u>2,537,620</u>
Funds Available.....	\$ 2,720,847	\$ 2,752,408	\$ 2,582,174	\$ 2,548,933	\$ 2,530,188	\$ 2,526,908	\$ 2,542,799
Less Expenditures.....	<u>-2,402,851</u>	<u>-2,603,794</u>	<u>-2,507,921</u>	<u>-2,511,885</u>	<u>-2,515,380</u>	<u>-2,521,729</u>	<u>-2,539,567</u>
Ending Balance.....	<u>\$ 317,996</u>	<u>\$ 148,614</u>	<u>\$ 74,253</u>	<u>\$ 37,048</u>	<u>\$ 14,808</u>	<u>\$ 5,179</u>	<u>\$ 3,232</u>

Banking and Securities Department Fund

	(Dollar Amounts in Thousands)						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Beginning Balance.....	\$ 8,681	\$ 10,951	\$ 9,886	\$ 6,365	\$ 2,844	\$ -677	\$ -4,198
Receipts.....	<u>23,108</u>	<u>20,289</u>	<u>17,833</u>	<u>17,833</u>	<u>17,833</u>	<u>17,833</u>	<u>17,833</u>
Funds Available.....	\$ 31,789	\$ 31,240	\$ 27,719	\$ 24,198	\$ 20,677	\$ 17,156	\$ 13,635
Less Expenditures.....	<u>-20,838</u>	<u>-21,354</u>	<u>-21,354</u>	<u>-21,354</u>	<u>-21,354</u>	<u>-21,354</u>	<u>-21,354</u>
Ending Balance.....	<u>\$ 10,951</u>	<u>\$ 9,886</u>	<u>\$ 6,365</u>	<u>\$ 2,844</u>	<u>\$ -677</u>	<u>\$ -4,198</u>	<u>\$ -7,719</u>

Boat Fund

	(Dollar Amounts in Thousands)						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Beginning Balance.....	\$ 17,101	\$ 17,179	\$ 19,743	\$ 15,776	\$ 12,564	\$ 9,352	\$ 6,140
Receipts.....	<u>17,478</u>	<u>24,358</u>	<u>14,557</u>	<u>14,557</u>	<u>14,557</u>	<u>14,557</u>	<u>14,557</u>
Funds Available.....	\$ 34,579	\$ 41,537	\$ 34,300	\$ 30,333	\$ 27,121	\$ 23,909	\$ 20,697
Less Expenditures.....	<u>-17,400</u>	<u>-21,794</u>	<u>-18,524</u>	<u>-17,769</u>	<u>-17,769</u>	<u>-17,769</u>	<u>-17,769</u>
Ending Balance.....	<u>\$ 17,179</u>	<u>\$ 19,743</u>	<u>\$ 15,776</u>	<u>\$ 12,564</u>	<u>\$ 9,352</u>	<u>\$ 6,140</u>	<u>\$ 2,928</u>

^a Excludes restricted revenue.

Seven Year Financial Statements By Fund

Farm Products Show Fund

(Dollar Amounts in Thousands)

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Beginning Balance.....	\$ 114	\$ 306	\$ 439	\$ 529	\$ 619	\$ 709	\$ 799
Receipts.....	9,196	8,898	8,855	8,855	8,855	8,855	8,855
Funds Available.....	\$ 9,310	\$ 9,204	\$ 9,294	\$ 9,384	\$ 9,474	\$ 9,564	\$ 9,654
Less Expenditures.....	-9,004	-8,765	-8,765	-8,765	-8,765	-8,765	-8,765
Ending Balance.....	<u>\$ 306</u>	<u>\$ 439</u>	<u>\$ 529</u>	<u>\$ 619</u>	<u>\$ 709</u>	<u>\$ 799</u>	<u>\$ 889</u>

Fish Fund

(Dollar Amounts in Thousands)

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Beginning Balance.....	\$ 30,241	\$ 34,151	\$ 38,382	\$ 33,179	\$ 27,976	\$ 22,773	\$ 17,570
Receipts.....	48,126	60,161	37,322	35,839	35,839	35,839	35,839
Funds Available.....	\$ 78,367	\$ 94,312	\$ 75,704	\$ 69,018	\$ 63,815	\$ 58,612	\$ 53,409
Less Expenditures.....	-44,216	-55,930	-42,525	-41,042	-41,042	-41,042	-41,042
Ending Balance.....	<u>\$ 34,151</u>	<u>\$ 38,382</u>	<u>\$ 33,179</u>	<u>\$ 27,976</u>	<u>\$ 22,773</u>	<u>\$ 17,570</u>	<u>\$ 12,367</u>

Game Fund

(Dollar Amounts in Thousands)

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Beginning Balance.....	\$ 27,054	\$ 29,301	\$ 34,643	\$ 31,675	\$ 30,568	\$ 29,461	\$ 28,354
Receipts.....	83,996	90,721	81,704	83,565	83,565	83,565	83,565
Funds Available.....	\$ 111,050	\$ 120,022	\$ 116,347	\$ 115,240	\$ 114,133	\$ 113,026	\$ 111,919
Less Expenditures.....	-81,749	-85,379	-84,672	-84,672	-84,672	-84,672	-84,672
Ending Balance.....	<u>\$ 29,301</u>	<u>\$ 34,643</u>	<u>\$ 31,675</u>	<u>\$ 30,568</u>	<u>\$ 29,461</u>	<u>\$ 28,354</u>	<u>\$ 27,247</u>

Seven Year Financial Statements By Fund

Keystone Recreation, Park and Conservation Fund

(Dollar Amounts in Thousands)

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Beginning Balance.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receipts.....	51,261	46,350	46,488	56,212	65,476	73,665	76,977
Funds Available.....	\$ 51,261	\$ 46,350	\$ 46,488	\$ 56,212	\$ 65,476	\$ 73,665	\$ 76,977
Less Expenditures.....	-51,261	-46,350	-46,488	-56,212	-65,476	-73,665	-76,977
Ending Balance.....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Lottery Fund

(Dollar Amounts in Thousands)

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Beginning Balance.....	\$ 101,362	\$ 158,986	\$ 113,651	\$ 84,547	\$ 56,742	\$ 47,079	\$ 51,780
Add Reserve From Prior Year.....	0	0	75,000	75,000	75,000	75,000	50,000
Receipts.....	1,602,836	1,624,848	1,638,043	1,653,124	1,663,972	1,669,436	1,673,828
Funds Available.....	\$ 1,704,198	\$ 1,783,834	\$ 1,826,694	\$ 1,812,671	\$ 1,795,714	\$ 1,791,515	\$ 1,775,608
Less Expenditures.....	-1,545,212	-1,595,183	-1,667,147	-1,680,929	-1,673,635	-1,689,735	-1,706,254
Less Reserve for Current Year.....	0	-75,000	-75,000	-75,000	-75,000	-50,000	-50,000
Ending Balance.....	<u>\$ 158,986</u>	<u>\$ 113,651</u>	<u>\$ 84,547</u>	<u>\$ 56,742</u>	<u>\$ 47,079</u>	<u>\$ 51,780</u>	<u>\$ 19,354</u>

Racing Fund

(Dollar Amounts in Thousands)

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Beginning Balance.....	\$ 49	\$ 46	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Receipts.....	16,847	17,619	17,915	17,915	17,915	17,915	17,915
Funds Available.....	\$ 16,896	\$ 17,665	\$ 17,915	\$ 17,915	\$ 17,915	\$ 17,915	\$ 17,915
Less Expenditures.....	-16,850	-17,665	-17,915	-17,915	-17,915	-17,915	-17,915
Ending Balance.....	<u>\$ 46</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Seven Year Financial Statements By Fund

Tobacco Settlement Fund

(Dollar Amounts in Thousands)

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Beginning Balance.....	\$ 364,091	\$ 132,649	\$ 73,176	\$ 69,575	\$ 62,774	\$ 52,825	\$ 39,780
Receipts.....	<u>383,359</u>	<u>331,718</u>	<u>328,483</u>	<u>325,283</u>	<u>322,135</u>	<u>319,039</u>	<u>315,621</u>
Funds Available.....	\$ 747,450	\$ 464,367	\$ 401,659	\$ 394,858	\$ 384,909	\$ 371,864	\$ 355,401
Less Expenditures.....	<u>-614,801</u>	<u>-391,191</u>	<u>-332,084</u>	<u>-332,084</u>	<u>-332,084</u>	<u>-332,084</u>	<u>-332,084</u>
Ending Balance.....	<u>\$ 132,649</u>	<u>\$ 73,176</u>	<u>\$ 69,575</u>	<u>\$ 62,774</u>	<u>\$ 52,825</u>	<u>\$ 39,780</u>	<u>\$ 23,317</u>

Seven Year Department Summary by Fund

The following is a summary by department of 2010-11 actual expenditures, the 2011-12 amounts available, the 2012-13 amounts budgeted and future year estimates for the General Fund and selected Special Funds.

	(Dollar Amounts in Thousands)						
	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Governor's Office							
General Fund.....	\$ 6,981	\$ 6,504	\$ 6,179	\$ 6,179	\$ 6,179	\$ 6,179	\$ 6,179
Executive Offices							
General Fund.....	\$ 165,677	\$ 163,415	\$ 160,902	\$ 160,902	\$ 161,001	\$ 160,902	\$ 160,902
Motor License Fund.....	17,148	17,433	17,214	17,214	17,214	17,214	17,214
Department Total.....	\$ 182,825	\$ 180,848	\$ 178,116	\$ 178,116	\$ 178,215	\$ 178,116	\$ 178,116
Lieutenant Governor							
General Fund.....	\$ 976	\$ 1,345	\$ 1,278	\$ 1,278	\$ 1,278	\$ 1,278	\$ 1,278
Attorney General							
General Fund.....	\$ 83,007	\$ 81,392	\$ 78,121	\$ 78,121	\$ 78,121	\$ 78,121	\$ 78,121
Auditor General							
General Fund.....	\$ 46,245	\$ 44,624	\$ 42,393	\$ 42,393	\$ 42,393	\$ 42,393	\$ 42,393
Treasury							
General Fund.....	\$ 1,022,541	\$ 1,090,119	\$ 1,166,596	\$ 1,218,951	\$ 1,245,717	\$ 1,283,516	\$ 1,329,980
Lottery Fund.....	50	50	50	50	50	50	50
Racing Fund.....	10	10	10	10	10	10	10
Motor License Fund.....	37,145	37,517	30,229	26,656	25,249	25,249	25,167
Game Fund.....	5	5	5	5	5	5	5
Fish Fund.....	5	5	5	5	5	5	5
Banking and Securities Department Fund.....	5	5	5	5	5	5	5
Farm Products Show Fund.....	5	5	5	5	5	5	5
Boat Fund.....	5	5	5	5	5	5	5
Tobacco Settlement Fund.....	5	5	5	5	5	5	5
Keystone Recreation, Park and Conservation Fund.....	5	5	5	5	5	5	5
Department Total.....	\$ 1,059,781	\$ 1,127,731	\$ 1,196,920	\$ 1,245,702	\$ 1,271,061	\$ 1,308,860	\$ 1,355,242
Aging							
Lottery Fund.....	\$ 473,471	\$ 503,557	\$ 467,957	\$ 498,079	\$ 508,079	\$ 518,079	\$ 528,079
Tobacco Settlement Fund.....	56,506	56,973	57,060	57,060	57,060	57,060	57,060
Department Total.....	\$ 529,977	\$ 560,530	\$ 525,017	\$ 555,139	\$ 565,139	\$ 575,139	\$ 585,139
Agriculture							
General Fund.....	\$ 92,188	\$ 133,096	\$ 56,268	\$ 56,268	\$ 56,268	\$ 56,268	\$ 56,268
Racing Fund.....	16,618	17,417	17,667	17,667	17,667	17,667	17,667
Motor License Fund.....	3,975	4,328	4,328	4,328	4,328	4,328	4,328
Farm Products Show Fund.....	6,394	6,310	6,310	6,310	6,310	6,310	6,310
Department Total.....	\$ 119,175	\$ 161,151	\$ 84,573	\$ 84,573	\$ 84,573	\$ 84,573	\$ 84,573
Banking and Securities							
Banking and Securities Department Fund.....	\$ 20,833	\$ 21,349	\$ 21,349	\$ 21,349	\$ 21,349	\$ 21,349	\$ 21,349
Civil Service Commission							
General Fund.....	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1

Seven Year Department Summary by Fund

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Community and Economic Development							
General Fund.....	\$ 303,532	\$ 214,823	\$ 211,753	\$ 231,396	\$ 231,380	\$ 231,393	\$ 231,381
Tobacco Settlement Fund.....	3,000	3,350	3,361	3,361	3,361	3,361	3,361
Department Total.....	\$ 306,532	\$ 218,173	\$ 215,114	\$ 234,757	\$ 234,741	\$ 234,754	\$ 234,742
Conservation and Natural Resources							
General Fund.....	\$ 80,914	\$ 55,288	\$ 52,723	\$ 52,723	\$ 52,723	\$ 52,723	\$ 52,723
Motor License Fund.....	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Keystone Recreation, Park and Conservation Fund.....	33,320	24,715	0	0	0	0	0
Department Total.....	\$ 115,234	\$ 81,003	\$ 53,723	\$ 53,723	\$ 53,723	\$ 53,723	\$ 53,723
Corrections							
General Fund.....	\$ 1,663,114	\$ 1,867,022	\$ 1,867,022	\$ 1,867,022	\$ 1,867,022	\$ 1,867,022	\$ 1,867,022
Drug and Alcohol Programs							
General Fund.....	\$ 41,698	\$ 40,698	\$ 41,698	\$ 41,698	\$ 41,698	\$ 41,698	\$ 41,698
Education							
General Fund.....	\$ 10,454,715	\$ 10,531,318	\$ 10,631,380	\$ 11,033,582	\$ 11,490,950	\$ 11,977,359	\$ 12,248,083
Motor License Fund.....	1,103	1,103	1,103	1,103	1,103	1,103	1,103
Keystone Recreation, Park and Conservation Fund.....	2,050	8,365	1,859	2,248	2,619	2,946	3,079
Department Total.....	\$ 10,457,868	\$ 10,540,786	\$ 10,634,342	\$ 11,036,933	\$ 11,494,672	\$ 11,981,408	\$ 12,252,265
Emergency Management Agency							
General Fund.....	\$ 12,958	\$ 25,040	\$ 29,475	\$ 27,475	\$ 13,475	\$ 13,475	\$ 10,835
Environmental Protection							
General Fund.....	\$ 143,692	\$ 137,153	\$ 126,564	\$ 126,564	\$ 126,564	\$ 126,564	\$ 126,564
Motor License Fund.....	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Department Total.....	\$ 147,692	\$ 141,153	\$ 130,564	\$ 130,564	\$ 130,564	\$ 130,564	\$ 130,564
Ethics Commission							
General Fund.....	\$ 1,786	\$ 1,768	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680
Fish and Boat Commission							
General Fund.....	\$ 17	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fish Fund.....	34,095	33,749	33,749	33,749	33,749	33,749	33,749
Boat Fund.....	13,119	13,042	13,042	12,287	12,287	12,287	12,287
Department Total.....	\$ 47,231	\$ 46,791	\$ 46,791	\$ 46,036	\$ 46,036	\$ 46,036	\$ 46,036
Game Commission							
Game Fund.....	\$ 62,352	\$ 66,923	\$ 67,899	\$ 67,899	\$ 67,899	\$ 67,899	\$ 67,899
General Services							
General Fund.....	\$ 118,454	\$ 119,123	\$ 117,590	\$ 117,590	\$ 117,590	\$ 117,590	\$ 117,590
Motor License Fund.....	12,779	12,785	12,777	12,777	12,777	12,777	12,777
Department Total.....	\$ 131,233	\$ 131,908	\$ 130,367	\$ 130,367	\$ 130,367	\$ 130,367	\$ 130,367
Health							
General Fund.....	\$ 186,253	\$ 183,512	\$ 175,086	\$ 175,086	\$ 175,086	\$ 175,086	\$ 175,086
Tobacco Settlement Fund.....	76,763	72,823	13,993	13,993	13,993	13,993	13,993
Department Total.....	\$ 263,016	\$ 256,335	\$ 189,079	\$ 189,079	\$ 189,079	\$ 189,079	\$ 189,079

Seven Year Department Summary by Fund

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Health Care Cost Containment Council							
General Fund.....	\$ 2,710	\$ 2,683	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Higher Education Assistance Agency							
General Fund.....	\$ 441,152	\$ 422,950	\$ 395,705	\$ 395,705	\$ 395,705	\$ 395,705	\$ 395,705
Historical and Museum Commission							
General Fund.....	\$ 17,617	\$ 17,525	\$ 16,649	\$ 16,649	\$ 16,649	\$ 16,649	\$ 16,649
Keystone Recreation, Park and Conservation Fund.....	6,664	4,943	6,043	7,307	8,511	9,576	10,006
Department Total.....	\$ 24,281	\$ 22,468	\$ 22,692	\$ 23,956	\$ 25,160	\$ 26,225	\$ 26,655
Insurance							
General Fund.....	\$ 121,415	\$ 120,674	\$ 123,195	\$ 123,195	\$ 123,195	\$ 123,195	\$ 123,195
Tobacco Settlement Fund.....	15,780	0	0	0	0	0	0
Department Total.....	\$ 137,195	\$ 120,674	\$ 123,195	\$ 123,195	\$ 123,195	\$ 123,195	\$ 123,195
Labor and Industry							
General Fund.....	\$ 83,954	\$ 71,752	\$ 70,512	\$ 70,512	\$ 70,512	\$ 70,512	\$ 70,512
Military and Veterans Affairs							
General Fund.....	\$ 110,279	\$ 128,681	\$ 122,427	\$ 122,427	\$ 122,427	\$ 122,427	\$ 122,427
Probation and Parole							
General Fund.....	\$ 118,288	\$ 126,835	\$ 131,667	\$ 131,847	\$ 131,847	\$ 131,847	\$ 131,847
Public Welfare							
General Fund.....	\$ 8,796,489	\$ 10,560,548	\$ 10,530,950	\$ 10,731,240	\$ 11,101,913	\$ 11,509,958	\$ 12,012,260
Lottery Fund.....	178,438	178,438	250,000	225,000	200,000	200,000	200,000
Tobacco Settlement Fund.....	207,106	259,334	257,665	257,665	257,665	257,665	257,665
Department Total.....	\$ 9,182,033	\$ 10,998,320	\$ 11,038,615	\$ 11,213,905	\$ 11,559,578	\$ 11,967,623	\$ 12,469,925
Revenue							
General Fund.....	\$ 182,761	\$ 193,304	\$ 185,136	\$ 181,418	\$ 180,279	\$ 171,426	\$ 173,878
Lottery Fund.....	731,935	773,743	776,897	781,752	785,523	787,550	789,904
Racing Fund.....	222	238	238	238	238	238	238
Motor License Fund.....	25,003	26,218	27,068	27,968	26,968	26,618	26,218
Department Total.....	\$ 939,921	\$ 993,503	\$ 989,339	\$ 991,376	\$ 993,008	\$ 985,832	\$ 990,238
Securities Commission							
General Fund.....	\$ 1,123	\$ 1,031	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State							
General Fund.....	\$ 8,342	\$ 10,126	\$ 8,859	\$ 8,849	\$ 8,849	\$ 8,849	\$ 8,859
State Employees' Retirement System							
General Fund.....	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4
State Police							
General Fund.....	\$ 172,233	\$ 186,728	\$ 187,030	\$ 187,030	\$ 187,030	\$ 187,030	\$ 187,030
Motor License Fund.....	523,682	565,060	569,823	569,823	569,823	569,823	569,823
Department Total.....	\$ 695,915	\$ 751,788	\$ 756,853	\$ 756,853	\$ 756,853	\$ 756,853	\$ 756,853
Tax Equalization Board							
General Fund.....	\$ 1,009	\$ 1,057	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Seven Year Department Summary by Fund

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Transportation							
General Fund.....	\$ 2,075	\$ 7,954	\$ 3,159	\$ 3,159	\$ 3,159	\$ 3,159	\$ 3,159
Lottery Fund.....	73,119	79,000	80,975	83,000	85,075	87,202	89,381
Motor License Fund.....	1,777,016	1,945,948	1,840,379	1,847,016	1,852,918	1,859,617	1,877,937
Department Total.....	<u>\$ 1,852,210</u>	<u>\$ 2,032,902</u>	<u>\$ 1,924,513</u>	<u>\$ 1,933,175</u>	<u>\$ 1,941,152</u>	<u>\$ 1,949,978</u>	<u>\$ 1,970,477</u>
Legislature							
General Fund.....	\$ 288,263	\$ 272,784	\$ 260,776	\$ 260,776	\$ 260,776	\$ 260,776	\$ 260,776
Judiciary							
General Fund.....	\$ 276,860	\$ 298,860	\$ 298,860	\$ 298,860	\$ 298,860	\$ 298,860	\$ 298,860
Government Support Agencies							
General Fund.....	\$ 24,748	\$ 41,698	\$ 37,332	\$ 37,332	\$ 37,332	\$ 37,332	\$ 37,332
COMMONWEALTH TOTALS:							
General Fund.....	\$ 25,074,071	\$ 27,161,435	\$ 27,138,970	\$ 27,807,912	\$ 28,647,663	\$ 29,570,977	\$ 30,390,277
Lottery Fund.....	1,457,013	1,534,788	1,575,879	1,587,881	1,578,727	1,592,881	1,607,414
Racing Fund.....	16,850	17,665	17,915	17,915	17,915	17,915	17,915
Motor License Fund.....	2,402,851	2,615,392	2,507,921	2,511,885	2,515,380	2,521,729	2,539,567
Game Fund.....	62,357	66,928	67,904	67,904	67,904	67,904	67,904
Fish Fund.....	34,100	33,754	33,754	33,754	33,754	33,754	33,754
Banking and Securities Department Fund.....	20,838	21,354	21,354	21,354	21,354	21,354	21,354
Farm Products Show Fund.....	6,399	6,315	6,315	6,315	6,315	6,315	6,315
Boat Fund.....	13,124	13,047	13,047	12,292	12,292	12,292	12,292
Keystone Recreation, Park and Conservation Fund.....	42,039	38,028	7,907	9,560	11,135	12,527	13,090
Tobacco Settlement Fund.....	359,160	392,485	332,084	332,084	332,084	332,084	332,084
GRAND TOTAL.....	<u><u>\$ 29,488,802</u></u>	<u><u>\$ 31,901,191</u></u>	<u><u>\$ 31,723,050</u></u>	<u><u>\$ 32,408,856</u></u>	<u><u>\$ 33,244,523</u></u>	<u><u>\$ 34,189,732</u></u>	<u><u>\$ 35,041,966</u></u>

General and Special Funds

This table shows a summary by Commonwealth Programs of 2010-11 expenditures, the 2011-12 amounts available, the 2012-13 amounts budgeted and future year estimates for the General Fund and selected Special Funds.

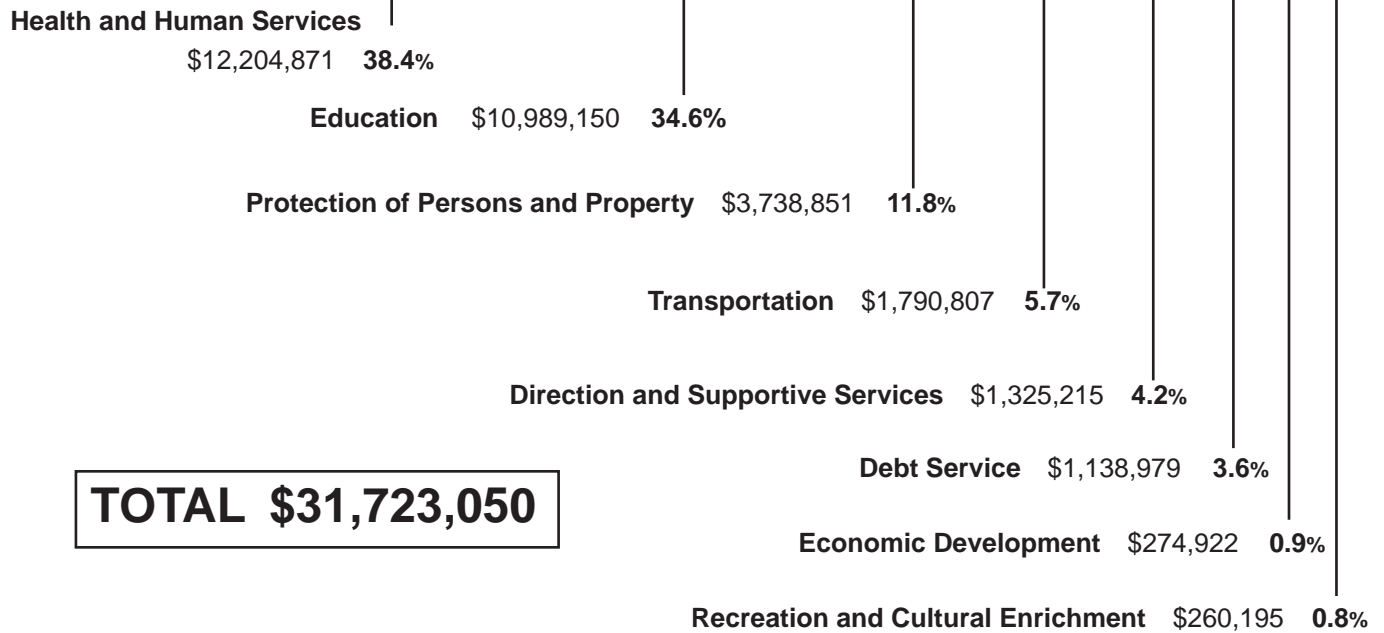
Seven Year Commonwealth Program Summary

Commonwealth Program	(Dollar amounts in Thousands)						
	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Direction and Supportive Services.....	\$ 1,305,629	\$ 1,360,471	\$ 1,325,275	\$ 1,324,599	\$ 1,323,218	\$ 1,313,206	\$ 1,312,078
Protection of Persons and Property.....	3,479,324	3,809,355	3,738,851	3,733,104	3,719,289	3,718,898	3,716,268
Education.....	10,854,232	10,920,688	10,989,150	11,392,308	11,850,785	12,338,144	12,609,975
Health and Human Services.....	10,413,827	12,270,934	12,204,871	12,411,283	12,768,156	13,187,301	13,700,803
Economic Development.....	376,350	277,372	274,922	295,257	296,044	296,744	297,534
Transportation	1,735,099	1,906,489	1,790,807	1,803,386	1,811,178	1,820,395	1,840,894
Recreation and Cultural Enrichment.....	321,799	289,010	260,195	261,093	262,668	264,060	264,623
Debt Service.....	1,002,542	1,066,872	1,138,979	1,187,826	1,213,185	1,250,984	1,299,791
GENERAL FUND AND SPECIAL							
FUNDS TOTAL.....	<u>\$ 29,488,802</u>	<u>\$ 31,901,191</u>	<u>\$ 31,723,050</u>	<u>\$ 32,408,856</u>	<u>\$ 33,244,523</u>	<u>\$ 34,189,732</u>	<u>\$ 35,041,966</u>

Distribution of the Commonwealth Dollar

**GENERAL FUND AND
SPECIAL FUNDS**

2012-13 Fiscal Year
(Dollar Amounts in Thousands)



This presentation shows the amount and portion of the total General Fund and selected special funds allocated to major program areas.

General Fund

This table shows a summary by Commonwealth Program of 2010-11 expenditures, the 2011-12 amounts available, the 2012-13 amounts budgeted and future year estimates.

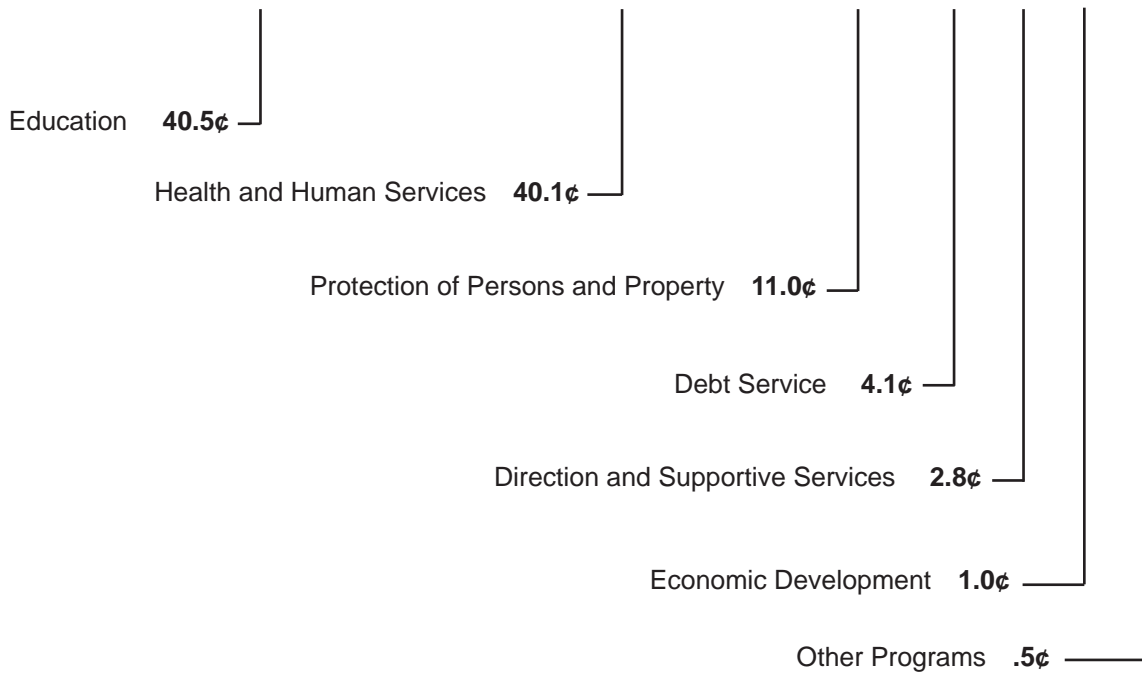
Seven Year Commonwealth Program Summary

	(Dollar amounts in Thousands)						
	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Commonwealth Program							
Direction and Supportive Services.....	\$ 789,695	\$ 801,702	\$ 766,029	\$ 760,598	\$ 757,646	\$ 747,057	\$ 745,175
Protection of Persons and Property.....	2,772,222	3,065,782	2,983,972	2,982,142	2,968,142	2,968,142	2,965,512
Education.....	10,853,129	10,912,741	10,988,047	11,391,205	11,849,682	12,337,041	12,608,872
Health and Human Services.....	9,138,148	10,915,909	10,872,096	11,072,386	11,443,059	11,851,104	12,353,406
Economic Development.....	373,350	274,022	271,561	291,896	292,683	293,383	294,173
Transportation	784	6,650	855	855	855	855	855
Recreation and Cultural Enrichment....	169,199	143,117	136,603	136,603	136,603	136,603	136,603
Debt Service.....	977,544	1,041,512	1,119,807	1,172,227	1,198,993	1,236,792	1,285,681
GENERAL FUND TOTAL.....	<u>\$ 25,074,071</u>	<u>\$ 27,161,435</u>	<u>\$ 27,138,970</u>	<u>\$ 27,807,912</u>	<u>\$ 28,647,663</u>	<u>\$ 29,570,977</u>	<u>\$ 30,390,277</u>

Distribution of the Commonwealth Dollar

GENERAL FUND

2012-13 Fiscal Year



This presentation shows the portion of each General Fund dollar spent in each major program area.

General Fund

The following is a summary by Commonwealth Program of the 2011-12 amounts available and the 2012-13 amounts budgeted and the percent each program represents of the General Fund.

Program Summary

(Dollar Amounts in Thousands)

	2011-12		2012-13	
Commonwealth Program				
Direction and Supportive Services.....	\$ 801,702	3.0%	\$ 766,029	2.8%
Protection of Persons and Property.....	3,065,782	11.3%	2,983,972	11.0%
Education.....	10,912,741	40.1%	10,988,047	40.5%
Health and Human Services.....	10,915,909	40.2%	10,872,096	40.1%
Economic Development.....	274,022	1.0%	271,561	1.0%
Other Programs.....	149,767	0.6%	137,458	0.5%
Debt Service.....	1,041,512	3.8%	1,119,807	4.1%
GENERAL FUND TOTAL.....	\$ 27,161,435	100.0%	\$ 27,138,970	100.0%

GENERAL FUND

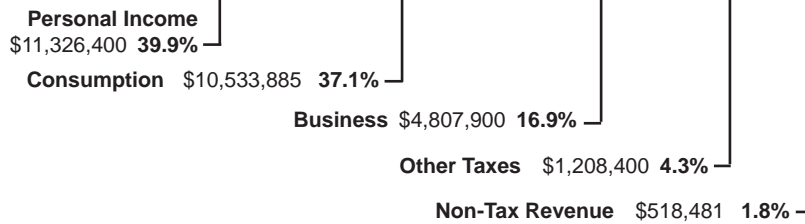
2012-13 Fiscal Year



Income

(Dollar Amounts in Thousands)

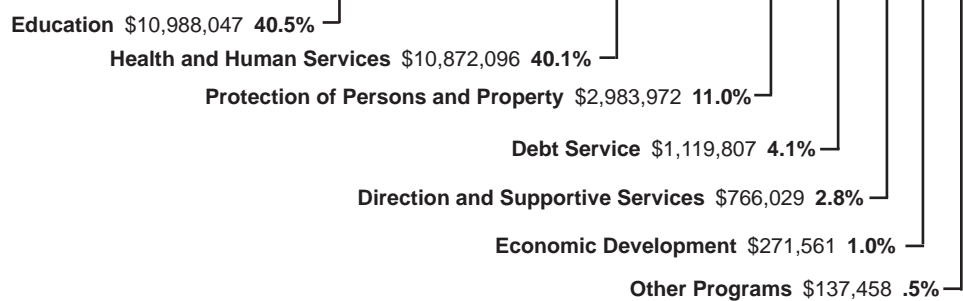
TOTAL INCOME	\$28,395,066
Refunds	-1,335,000
Beginning Balance.....	93,114
<hr/>	
TOTAL	\$27,153,180



Outgo

(Dollar Amounts in Thousands)

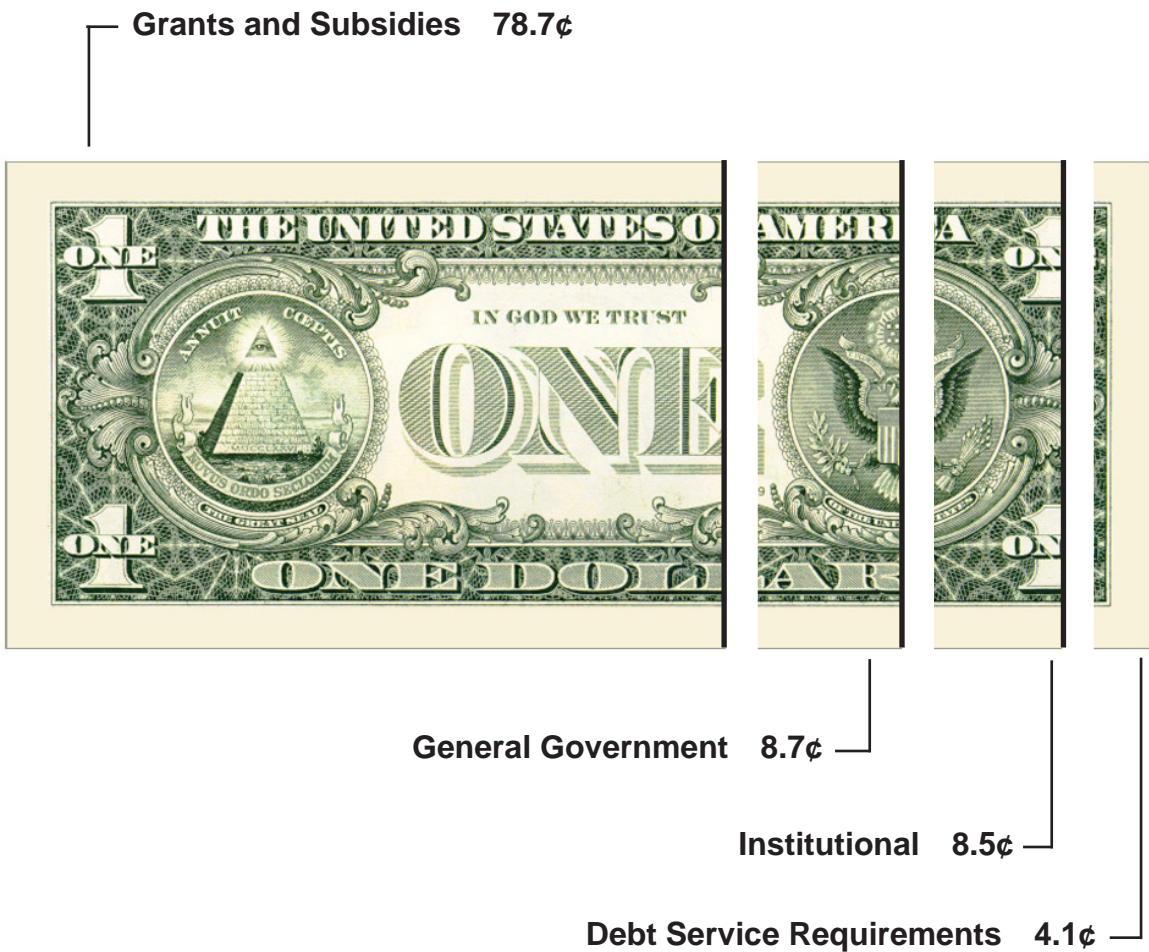
TOTAL OUTGO	\$ 27,138,970
Budget Stabilization	
Reserve Fund	3,553
Plus Ending Surplus	10,657
<hr/>	
TOTAL	\$ 27,153,180



This presentation shows the amount and proportion for the major revenue sources and major program areas for the total General Fund.

USE OF THE GENERAL FUND DOLLAR

2012-13 Fiscal Year



Over three quarters of each General Fund dollar is returned to individuals, local governments, institutions, school districts, etc. in the form of grants and subsidies.



FEDERAL BLOCK GRANTS

The federal government has two primary types of grants: categorical grants and block grants. Categorical grants are generally distributed for specific purposes. Block grants are distributed to state and local governments based on a distribution formula and are available for an activity that falls within the purposes of the federal authorizing legislation. Generally, block grants provide state and local governments greater flexibility than categorical grants.

The commonwealth implemented eight block grants based on the Federal Omnibus Reconciliation Act of 1981. Since that time, block grants have been added and revised based on changes in federal law. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 created two new block grants: Temporary Assistance to Needy Families and the Child Care and Development Fund, which replaced the Child Care Block Grant.

In addition, two programs have been included in this presentation because the federal government provides flexibility on the activities eligible for funding. These programs are: Workforce Investment and Anti-Drug Abuse Programs. In 2005-06, the commonwealth began receiving funds from the federal Justice Assistance Grants (JAG) in lieu of the Drug Control and System Improvement (DCSI) grants.

Block grants such as Community Services, Workforce Investment and JAG have received additional dollars from the American Recovery and Reinvestment Act of 2009. These funds are noted on the individual block grant pages.

The tables within this section provide information on the estimated amount to be received from the federal government and an estimated distribution of the funds by program within the block grant. Generally, the amounts shown for administrative costs represent the amount allowable by the federal government. The 2011-12 estimated block grant amounts reflect the current estimate of amounts available and, therefore, may be different from amounts appropriated.

The recommended distribution by program for 2012-13 is a preliminary proposal. Opportunities for public review and comment may result in modifications to the proposed distribution.

SUMMARY OF FEDERAL BLOCK GRANTS

This table shows a summary by federal block grant of 2010-11 expenditures, 2011-12 available and 2012-13 amounts budgeted as presented in the 2012-13 Governor's Executive Budget.

(Dollar Amounts in Thousands)

	2010-11 Actual Block	2011-12 Available Block	2012-13 Recommended Block
Community Services.....	\$ 31,007	\$ 31,007	\$ 31,007
Maternal and Child Health Services.....	33,099	37,842	38,540
Preventive Health and Health Services.....	6,843	7,655	5,503
Substance Abuse.....	66,409	66,474	66,474
Workforce Investment.....	428,900	265,700	262,029
Child Care and Development Fund.....	379,532	371,877	352,512
Low-Income Home Energy Assistance.....	372,535	372,535	368,000
Mental Health Services.....	14,813	14,486	14,559
Social Services.....	98,425	98,425	99,376
Temporary Assistance to Needy Families.....	608,182	631,097	626,365
Anti-Drug Abuse.....	78,865	65,469	48,700
TOTAL.....	\$ 2,118,610	\$ 1,962,567	\$ 1,913,065

Community Services

This block grant provides funds for community-based programs that offer health, nutrition, housing and employment-related services to improve the standard of living for low-income persons. Programs consolidated into the block grant include Community Action, Senior Opportunities and Services, Community Food and Nutrition, Energy Conservation and Training, Evaluation and Technical Assistance.

Federal law requires that 90 percent of the funding be distributed to Community Action Agencies (CAAs). Five percent is allowed for administration and the remaining five percent is utilized for competitive projects. The 90 percent program monies are being granted to existing CAAs for operating costs and low-income energy assistance efforts, the Pennsylvania Directors' Association for Community Action and competitive grants are awarded in the areas of employment training, job preparedness, community conservation corps, community economic development, summer employment and youth programs, emergency assistance and homeless assistance.

The funds estimated for administration are based on the statutory limitation of five percent and will be utilized for program purposes if not needed for administration.

The American Recovery and Reinvestment Act of 2009 (ARRA) has made additional funds available as listed below.

(Dollar Amounts in Thousands)

Department / Appropriation	2010-11 Actual Block	2011-12 Available Block	2012-13 Recommended Block
Community and Economic Development:			
CSBG — Administration.....	\$ 1,507	\$ 1,507	\$ 1,507
Community Services Block Grant.....	29,500	29,500	29,500
ARRA — Community Services Block Grant Program (EA).....	10,316 ^a	0	0
TOTAL.....	\$ 31,007	\$ 31,007	\$ 31,007

^a Subgrant not added to total to avoid double counting.

Maternal and Child Health Services

This block grant provides funds for planning, promoting and evaluating health care for pregnant women, mothers, infants and children with special health care needs. This is accomplished by providing health services for mothers and children who do not otherwise have access to adequate health care and nutritional resources. Administrative costs cannot exceed 10 percent. These personnel and operational costs are found in the Administration and Operation line item, which also contains some programmatic costs. These include outreach, promotional costs, laboratory supplies and help line services.

(Dollar Amounts in Thousands)

Department / Appropriation	2010-11 Actual Block	2011-12 Available Block	2012-13 Recommended Block
Health:			
MCHSBG — Administration and Operation.....	\$ 15,717	\$ 15,576	\$ 16,673
MCHSBG — Program Services.....	15,282	16,882	16,530
Subtotal.....	\$ 30,999	\$ 32,458	\$ 33,203
Public Welfare:			
MCHSBG — Administration.....	\$ 0	\$ 208	\$ 161
MCHSBG — Early Childhood Home Visiting.....	2,100	5,176	5,176
Subtotal.....	\$ 2,100	\$ 5,384	\$ 5,337
TOTAL.....	\$ 33,099	\$ 37,842	\$ 38,540

Preventive Health and Health Services

This block grant provides funds for preventive health services. Programs include activities to affect improvements in health status through achievement of the National Year 2010 Health Objectives; programs for community and school-based fluoridation; feasibility studies and planning for emergency medical services systems and the establishment, expansion and improvement of such systems; services to victims of sex offenders; and related planning, administration and educational activities. Funding also works toward eliminating disparities between the health status of the general population and that of identifiable subpopulations including geographical, racial, ethnic, gender or other groups. Administration is limited to 10 percent.

(Dollar Amounts in Thousands)

Department / Appropriation	2010-11 Actual Block	2011-12 Available Block	2012-13 Recommended Block
Health:			
PHHSBG — Administration and Operation.....	\$ 3,185	\$ 3,274	\$ 2,381
PHHSBG — Block Program Services.....	3,508	4,231	2,972
Subtotal.....	\$ 6,693	\$ 7,505	\$ 5,353
Public Welfare:			
PHHSBG — Domestic Violence.....	\$ 150	\$ 150	\$ 150
TOTAL.....	\$ 6,843	\$ 7,655	\$ 5,503

Substance Abuse

This block grant provides funds to establish and maintain programs to combat alcohol and drug abuse. These programs include individual substance abuse services, community services, drug and alcohol formula grants and alcoholism treatment and rehabilitation services.

(Dollar Smounts in Thousands)

Department / Appropriation	2010-11 Actual Block	2011-12 Available Block	2012-13 Recommended Block
Corrections:			
SABG — Drug and Alcohol Programs.....	\$ 2,100	\$ 2,100	\$ 2,100
Drug and Alcohol Programs:			
SABG — Administration and Operation.....	\$ 8,203 ^a	\$ 8,203 ^a	\$ 8,203
SABG — Drug and Alcohol Services.....	54,123 ^a	54,188 ^a	54,188
Subtotal.....	\$ 62,326	\$ 62,391	\$ 62,391
Public Welfare:			
SABG — Human Services Development Fund.....	\$ 0	\$ 0	\$ 1,983
SABG — Homeless Services.....	1,983	1,983	0
Subtotal.....	\$ 1,983	\$ 1,983	\$ 1,983
TOTAL.....	\$ 66,409	\$ 66,474	\$ 66,474

^a Appropriated in the Department of Health.

Workforce Investment

The Workforce Investment Act of 1998 authorized the Workforce Investment Block Grant. It has three main program components: Adult, Youth and Dislocated Workers. The purpose of the adult program is to improve the quality of the workforce, reduce welfare dependency and enhance the productivity and competitiveness of the nation's economy by providing workforce investment activities that increase the employment, retention and earnings of participants, and increase occupational skill attainment by the participants. The youth program assists low-income youth between the ages of 14 and 21 to acquire the educational and occupational skills, training and support needed to achieve academic and employment success and successfully transition to careers and productive adulthood. The dislocated worker program shares the same overall purpose of the adult program with emphasis on reemployment of these workers.

The commonwealth distributes funds by formula to 23 local agencies called Local Workforce Investment Areas for the attainment of agreed-upon performance goals.

The American Recovery and Reinvestment Act of 2009 (ARRA) has also made additional funds available as listed below.

(Dollar Amounts in Thousands)

Department / Appropriation	2010-11 Actual Block	2011-12 Available Block	2012-13 Recommended Block
Labor and Industry:			
WIA — Administration.....	\$ 11,000	\$ 11,000	\$ 11,129
ARRA — Workforce Investment Administration.....	5,000	4,200	6,000
WIA — Adult Employment & Training.....	60,000	60,000	60,000
ARRA — WIA Adult Employment & Training.....	16,000	0	0
WIA — Youth Employment & Training.....	52,000	52,000	52,000
ARRA — WIA Youth Employment & Training.....	37,000	0	0
WIA — Statewide Activities.....	23,000	23,000	23,000
ARRA — WIA Statewide Activities.....	10,000	0	0
WIA — Dislocated Workers.....	109,000	109,000	109,000
ARRA — WIA Dislocated Workers.....	105,000	5,600	0
WIA — Veterans Employment and Training.....	900	900	900
Subtotal.....	\$ 428,900	\$ 265,700	\$ 262,029
TOTAL.....	\$ 428,900	\$ 265,700	\$ 262,029

Child Care and Development Fund

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 created this block grant, which provides funds to states for an integrated child care program. This program allows states flexibility in developing programs to provide child care to children of low-income working parents and parents trying to become independent of public assistance, to provide consumer education information to parents, to promote parental choice and to implement state health, safety, licensing and registration standards. States are not required to match discretionary funds; however, there are some maintenance of effort and state matching requirements.

The American Recovery and Reinvestment Act of 2009 (ARRA) has made additional funds available as listed below.

(Dollar Amounts in Thousands)

Department / Appropriation	2010-11 Actual Block	2011-12 Available Block	2012-13 Recommended Block
Executive Offices:			
<i>Inspector General - Welfare Fraud</i>			
CCDFBG — Subsidized Day Care Fraud.....	\$ 368	\$ 1,100	\$ 1,000
Public Welfare:			
CCDFBG — Administration.....	\$ 13,480	\$ 13,754	\$ 14,189
CCDFBG — Child Care Services.....	181,735	194,967	190,067
ARRA — CCDFBG — Child Care Services.....	29,093	11,200	0
CCDFBG — School Age.....	1,260	1,260	1,260
CCDFBG — Child Care Assistance.....	153,596	149,596	145,996
Subtotal.....	\$ 379,164	\$ 370,777	\$ 351,512
TOTAL.....	\$ 379,532	\$ 371,877	\$ 352,512

Low-Income Home Energy Assistance

This block grant provides funds to assist eligible low-income individuals and families in meeting the cost of home energy through cash assistance and to alleviate crisis situations. The amounts below include weather-related contingency funding.

(Dollar Amounts in Thousands)

Department / Appropriation	2010-11 Actual Block	2011-12 Available Block	2012-13 Recommended Block
Community and Economic Development:			
LIHEABG — Administration.....	\$ 535	\$ 535	\$ 1,000
LIHEABG — Weatherization Program.....	30,000	30,000	25,000
Subtotal.....	<u>\$ 30,535</u>	<u>\$ 30,535</u>	<u>\$ 26,000</u>
Public Welfare:			
LIHEABG — Administration.....	\$ 22,000	\$ 22,000	\$ 22,000
LIHEABG — Low-Income Families and Individuals.....	320,000	320,000	320,000
Subtotal.....	<u>\$ 342,000</u>	<u>\$ 342,000</u>	<u>\$ 342,000</u>
TOTAL.....	<u><u>\$ 372,535</u></u>	<u><u>\$ 372,535</u></u>	<u><u>\$ 368,000</u></u>

Mental Health Services

This block grant provides funds for the provision of services to adults with serious mental illness or children with serious emotional disturbance. Services may be provided by a variety of community-based programs including community mental health programs, psychosocial rehabilitation programs, mental health peer support programs and mental health primary consumer directed programs.

(Dollar Amounts in Thousands)

Department / Appropriation	2010-11 Actual Block	2011-12 Available Block	2012-13 Recommended Block
Public Welfare:			
MHSBG — Administration.....	\$ 273	\$ 273	\$ 273
MHSBG — Community Mental Health Svcs.....	14,540	14,213	0
MHSBG — Human Svcs Development Fund.....	0	0	14,286
TOTAL.....	\$ 14,813	\$ 14,486	\$ 14,559

Social Services

Funds are provided to help individuals achieve or maintain self-sufficiency; to prevent, reduce or eliminate dependency; to prevent or remedy abuse and neglect of children and adults; and to prevent or reduce institutional care. Most services are delivered by local entities that receive grants or contract with the Department of Public Welfare. These federal allocations serve to augment state appropriations, thereby increasing the total level of services provided.

In addition to funds received directly through the Social Services Block Grant, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 authorized transfers from the Temporary Assistance to Needy Families Block Grant.

(Dollar Amounts in Thousands)

Department / Appropriation	2010-11 Actual Block	2011-12 Available Block	2012-13 Recommended Block
Public Welfare:			
SSBG — Administration.....	\$ 3,641	\$ 3,641	\$ 3,641
SSBG — County Assistance Offices.....	6,262	6,262	6,262
SSBG — Basic Institutional Programs.....	10,000	10,000	10,000
SSBG — Community Mental Health Services.....	10,366	10,366	0
SSBG — Community ID Services.....	6,500	6,500	0
SSBG — Child Welfare.....	12,021	12,021	12,021
SSBG — Child Care Services.....	30,977	30,977	30,977
SSBG — Domestic Violence Programs.....	5,705	5,705	5,705
SSBG — Rape Crisis.....	1,721	1,721	1,721
SSBG — Family Planning.....	2,000	2,000	2,000
SSBG — Human Services Development Fund.....	0	0	22,000
SSBG — Legal Services.....	5,049	5,049	5,049
SSBG — Homeless Services.....	4,183	4,183	0
TOTAL.....	\$ 98,425	\$ 98,425	\$ 99,376

Temporary Assistance to Needy Families

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 created a block grant that makes funds available to the states to operate the Temporary Assistance to Needy Families (TANF) program. Pennsylvania implemented the TANF program on March 3, 1997. Funds are available to provide temporary cash and other benefits to help needy families participating in activities designed to end dependence on government benefits and to provide services for dependent and abused children. In addition, funds may be used for services designed to prevent future dependency. This block grant requires a state maintenance of effort and establishes mandatory work participation rates. States are allowed to transfer up to a total of 30 percent of their TANF funds to the Child Care and Development Fund and Social Services Block Grants. No more than 10 percent may be transferred to the Social Services Block Grant. These transfers are included in the Child Care and Development Fund and the Social Services Block Grant.

The American Recovery and Reinvestment Act of 2009 (ARRA) has made additional funds available as listed below.

(Dollar Amounts in Thousands)

Department / Appropriation	2010-11 Actual Block	2011-12 Available Block	2012-13 Recommended Block
Executive Offices:			
<i>Inspector General - Welfare Fraud</i>			
TANFBG — Program Accountability.....	\$ 1,011	\$ 1,700	\$ 1,500
Education:			
TANFBG — Teenage Parenting Ed. (EA).....	\$ 12,255 ^a	\$ 11,094 ^a	\$ 11,094 ^a
Labor and Industry:			
TANFBG — Youth Employment and Training.....	\$ 15,000	\$ 15,000	\$ 15,000
Public Welfare:			
TANFBG — Administration.....	\$ 4,620	\$ 4,980	\$ 4,411
TANFBG — Information Systems.....	9,186	9,327	9,235
TANFBG — Statewide.....	647	2,150	1,993
TANFBG — County Assistance Offices.....	37,270	64,190	55,799
TANFBG — New Directions.....	150,646	124,554	124,554
TANFBG — Cash Grants.....	263,176	318,002	322,679
ARRA — TANFBG — Cash Grants.....	37,057	0	0
TANFBG — Alternatives to Abortion.....	1,000	1,000	1,000
TANFBG — Child Welfare.....	56,883	58,508	58,508
TANFBG — Child Care Assistance.....	31,686	31,686	31,686
Subtotal.....	\$ 592,171	\$ 614,397	\$ 609,865
TOTAL.....	\$ 608,182 ^b	\$ 631,097 ^b	\$ 626,365 ^b

^a Subgrant not added to total to avoid double counting.

^b Includes carryover funding.

Anti-Drug Abuse

Two grant programs initially authorized by the Anti-Drug Abuse Act of 1986, the Drug Control and System Improvement (DCSI) grant and the Safe and Drug Free Schools and Communities (DFSC) grant, are presented below.

In 2005-06, the federal government combined the Edward Byrne Memorial Formula Grant Program, which was the source of the Drug Control and System Improvement (DCSI) grants, with the Local Law Enforcement Block Grant to create the Justice Assistance Grant (JAG) program. The new program continues the DCSI objectives of assisting state and local governments to implement a wide range of drug enforcement and correctional treatment projects as well as providing victim services and juvenile and criminal justice system improvement initiatives throughout the commonwealth.

The objective of the Safe and Drug Free Schools and Communities program is to establish state and local programs for alcohol and drug abuse education and prevention, in addition to violence prevention, coordinated with related community efforts and resources. The allocation made to Pennsylvania is administered by the Department of Education and the Commission on Crime and Delinquency, with the majority of these funds going to local education agencies. DFSC has not received new federal dollars since FFY 2010; however, the Special Program's portion is still receiving federal support.

The commonwealth also receives funds from the Substance Abuse Block Grant. This program, along with funding recommendations, is described elsewhere in this section.

The American Recovery and Reinvestment Act of 2009 (ARRA) has made additional funds available as listed below.

Department / Appropriation	(Dollar Amounts in Thousands)		
	2010-11 Actual Block	2011-12 Available Block	2012-13 Recommended Block
DRUG CONTROL AND SYSTEM IMPROVEMENT FORMULA GRANT PROGRAM (DCSI) and JUSTICE ASSISTANCE GRANTS (JAG)			
Executive Offices:			
<i>Commonwealth Technology Services</i>			
ARRA — JCJC/JCMS Centralized Database Project (EA).....	\$ 282 ^a	\$ 27 ^a	\$ 0
ARRA — Enhanced Warrant Search Project (EA).....	160 ^a	0	0
ARRA — Electronic Reporting II - Deployment (EA).....	109 ^a	0	0
ARRA — Federated Background Search (EA).....	255 ^a	26 ^a	0
Subtotal — Commonwealth Technology Services.....	<u>\$ 806</u>	<u>\$ 53</u>	<u>\$ 0</u>
<i>Juvenile Court Judges Commission</i>			
ARRA — Juvenile Delinquency Records (EA).....	\$ 177 ^a	\$ 0	\$ 0
JCMS Support and Deployment (EA).....	30 ^a	370 ^a	0
Subtotal — Juvenile Court Judges Commission.....	<u>\$ 207</u>	<u>\$ 370</u>	<u>\$ 0</u>
<i>Commission on Crime and Delinquency</i>			
DCSI — Program Grants.....	\$ 100	\$ 0	\$ 0
Justice Assistance Grants.....	30,000	30,000	25,000
ARRA — Justice Assistance Grants.....	30,000	30,000	20,000
Justice Assistance Grants — Administration.....	1,239	1,239	1,700
ARRA — Justice Assistance Grants Administration.....	2,500	2,000	2,000
Subtotal — Commission on Crime and Delinquency.....	<u>\$ 63,839</u>	<u>\$ 63,239</u>	<u>\$ 48,700</u>
Subtotal — Executive Offices.....	<u>\$ 64,852</u>	<u>\$ 63,662</u>	<u>\$ 48,700</u>
Lieutenant Governor:			
ARRA — Case Management System (EA).....	\$ 78 ^a	\$ 0	\$ 0
Corrections:			
JAG — Culinary Program (EA).....	\$ 0	\$ 200 ^a	\$ 150 ^a
ARRA — Inmate Transportation Initiative (EA).....	500 ^a	200 ^a	0
ARRA — County Jail Reentry Project (EA).....	0	750 ^a	250 ^a
ARRA — Peer Support (EA).....	0	115 ^a	70 ^a
Subtotal.....	<u>\$ 500</u>	<u>\$ 1,265</u>	<u>\$ 470</u>

Overview and Summaries

Anti-Drug Abuse (continued)

(Dollar Amounts in Thousands)

Department / Appropriation	2009-10 Actual Block	2010-11 Available Block	2011-12 Recommended Block
Probation and Parole:			
ARRA — System Process Enhancements (EA).....	\$ 129 ^a	\$ 84 ^a	\$ 0
ARRA — Maximizing Victim Restitution (EA).....	75 ^a	65 ^a	35 ^a
ARRA — Laptop Project (EA).....	672 ^a	0	0
Subtotal.....	\$ 876	\$ 149	\$ 35
State Police:			
ARRA — JAG Protection from Abuse Database(EA).....	\$ 184 ^a	\$ 184 ^a	\$ 0
ARRA — JAG Instant Check Sytem Rewrite (EA).....	290 ^a	1,271 ^a	0
ARRA — JAG Megan's Law Modernization (EA).....	2,000 ^a	1,709 ^a	2,000 ^a
Subtotal.....	\$ 2,474	\$ 3,164	\$ 2,000
Government Support Agencies:			
<i>Commission on Sentencing</i>			
JAG — Consolidated Project Grants (EA).....	\$ 1,280 ^a	\$ 1,280 ^a	\$ 1,280 ^a
Judiciary:			
<i>Supreme Court</i>			
Drug Court Training (EA).....	\$ 40 ^a	\$ 18 ^a	\$ 0
TOTAL.....	\$ 63,839	\$ 63,239	\$ 48,700
SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES (DFSC)			
Executive Offices:			
<i>Commission on Crime and Delinquency</i>			
DFSC — Special Programs.....	\$ 4,500	\$ 2,000	\$ 0
Education:			
DFSC — Administration.....	\$ 450	\$ 0	\$ 0
DFSC — School Districts.....	10,076	230	0
Subtotal.....	\$ 10,526	\$ 230	\$ 0
Public Welfare:			
DFSC — Juvenile Aftercare Services (EA).....	\$ 118 ^a	\$ 118 ^a	\$ 0
TOTAL.....	\$ 15,026	\$ 2,230	\$ 0
GRAND TOTAL ALL PROGRAMS.....	\$ 78,865	\$ 65,469	\$ 48,700

^a Subgrants not added to total to avoid double counting.

^b Carryover.

Public Information and Communications

The Commonwealth spends funds on activities to provide government information to the news media and the general public and for other essential communications efforts. Funds are budgeted in 29 agencies to provide public notification and information to the Commonwealth's public, news media, businesses, legislators and citizens regarding the bidding of contracts, issuance of rules and regulations, announcement of public hearings and the availability of services and financial aid. The amounts that are detailed below exclude those items that are strictly educational and materials that are offered for public sale such as the "Game News" and "Pennsylvania Angler and Boater".

	(Dollar Amounts in Thousands)	
	2011-12 <u>Estimate</u>	2012-13 <u>Estimate</u>
Governor's Office.....	\$745	\$774
Executive Offices.....	221	229
Aging.....	314	323
Agriculture.....	783	797
Banking and Securities.....	375	358
Civil Service Commission.....	53	55
Community and Economic Development.....	220	230
Conservation and Natural Resources.....	264	275
Corrections.....	186	195
Education.....	284	294
Emergency Management Agency.....	175	183
Environmental Protection.....	1,639	1,675
Fish and Boat Commission.....	191	198
Game Commission.....	449	462
General Services.....	97	101
Health.....	582	608
Historical and Museum Commission.....	110	113
Insurance.....	318	330
Labor and Industry.....	449	469
Liquor Control Board.....	504	523
Military and Veterans Affairs.....	168	175
Milk Marketing Board.....	37	39
Probation and Parole Board.....	150	157
Public Utility Commission.....	194	203
Public Welfare.....	289	301
Revenue.....	225	235
State.....	254	264
State Police.....	430	447
Transportation.....	1,697	1,767
TOTAL	<u>\$11,403</u>	<u>\$11,780</u>

---- *Lottery sales promotion* - \$37 million will be spent on advertising campaigns to promote lottery sales and to disseminate information on the various lottery programs including property tax and rent assistance for older Pennsylvanians during 2012-13. These expenditures are expected to generate approximately \$3.35 billion in lottery revenues during 2012-13.

---- *Economic development* - A total of \$3.0 million is budgeted in the General Fund to promote tourism and economic development. This will contribute to an estimated \$29.9 billion in 2012-13 travel revenues to Pennsylvania and supports the State's aggressive effort to preserve and create jobs.

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Commonwealth of Pennsylvania

Governor's Executive Budget

*PROGRAM
BUDGET
SUMMARY*

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COMMONWEALTH PROGRAM BUDGET

This section summarizes the budget by major revenue source and major program area of expenditure. This summary includes programs funded from the General Fund, the eleven budgeted special revenue funds, federal funds, and other revenues including augmentations, restricted receipts and revenues, and other special revenue funds.

Detailed supporting information is provided for each major program area of expenditure by component categories and subcategories (subdivisions of activities) which contribute to the commonwealth's total effort in that program. Detailed information on individual revenue sources may be found in the appropriate fund presentation in the Summary by Fund section of this document.

Reader's Guide to the "Summary of Revenues and Expenditures for the Operating Program" Statement

The Summary of Revenues and Expenditures for the Operating Program comprehensive statement shown on page B5 is an "all funds" seven-year summary of revenues and expenditures for the commonwealth operating program. This section is intended to assist readers with interpreting and understanding the revenue and expenditure items presented on the comprehensive statement.

Beginning and Ending Balances

Beginning and Ending Balances are included only for state General Fund and state Special Funds as Federal Funds and Other Funds revenues and expenditures are considered to be self-balancing. While Revenue totals are shown for General Fund, Special Funds, Federal Funds and Other Funds, the Program Expenditures section of the statement aggregates expenditures of these four fund types into the eight Commonwealth Programs for ease of presentation. The General Fund and Special Funds beginning and ending balances are based on their respective financial statements found on pages A2.3 through A2.7 in Section A of this document.

Revenues

All General Fund, Special Funds, Federal Funds and Other Funds revenues contributing to the commonwealth operating program are shown on the statement.

General Fund – The General Fund is the commonwealth's largest operating fund. It receives all tax revenue, non-tax revenue and federal grants and entitlements not specified by law to be deposited elsewhere. Tax revenue constitutes more than 96 percent of annual General Fund revenue. The largest sources of non-tax revenue are profit transfers from the Pennsylvania Liquor Control Board, earnings of investments and the escheats or "unclaimed property" program. General Fund revenue categories shown on the statement include Corporation Taxes, Personal Income Tax, Sales and Use Taxes, and All Other Revenues/Taxes. A Less Refunds category is also shown as a negative revenue adjustment to account for various tax refunds. Additional information on General Fund revenue sources can be found in Section C1 of this document.

Special Funds – There are 10 Special Funds contributing revenue to the commonwealth operating program. Additional information on Special Funds revenue sources can be found in Sections C2 through C11 of this document.

Federal Funds – All monies received from the federal government are deposited into the State Treasury and thus must be appropriated. The Department of Public Welfare receives the most federal funds. Other agencies receiving significant federal funds include the departments of Education, Aging, and Transportation. Additional information on federal funds budgeted by agency can be found on page C1.9 (for federal funds related to General Fund budgets) and in Section E, Department Presentations, on each agency's Summary by Fund and Appropriation statement.

Other Funds – There are more than 140 Other Funds contributing revenue to the commonwealth operating program. The State Stores Fund, the Public Transportation Trust Fund and the Property Tax Relief Fund contribute significant revenues to the Other Funds revenue total. Additional information on Other Funds revenues can be found in Section E Department Presentations on each agency's Summary by Fund and Appropriation statement.

Program Expenditures

Program expenditures are categorized by the eight Commonwealth Programs beginning with Direction and Supportive Services and ending with Debt Service. These programs include expenditures from all General Fund, Special Funds, Federal Funds and Other Funds contributing to total operating program expenditures as shown on pages B6 and B7. More detailed expenditure breakdowns by program category and subcategory are shown on pages B8 through B17.

Total operating program expenditures are adjusted to include expenditure reductions from General Fund or Special Fund lapses of unspent prior-year funds. Other adjustments, such as fund transfers to the operating program (resulting in expenditure increases) or fund transfers from the operating program (resulting in expenditure decreases) may be shown on the statement and will impact total program expenditures and ending balances.

SUMMARY OF REVENUES AND EXPENDITURES FOR THE OPERATING PROGRAM

The following table is a seven year summary of the revenues and expenditures by Commonwealth Program for the operating budget. Balances are included only for State funds - General Fund and Special Funds - as Federal Funds and Other Funds revenues and expenditures are considered to be self-balancing.

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
BEGINNING BALANCES							
General Fund	\$ -294,233	\$ 1,072,863	\$ 93,114	\$ 10,657	\$ 7,171	\$ 3,032	\$ 3,297
Adjustment to Beginning Balance.....	250	14,750	0	0	0	0	0
Adjusted Beginning Balance.....	<u>\$ -293,983</u>	<u>\$ 1,087,613</u>	<u>\$ 93,114</u>	<u>\$ 10,657</u>	<u>\$ 7,171</u>	<u>\$ 3,032</u>	<u>\$ 3,297</u>
Special Funds	<u>\$ 713,838</u>	<u>\$ 701,565</u>	<u>\$ 513,534</u>	<u>\$ 390,899</u>	<u>\$ 306,135</u>	<u>\$ 251,330</u>	<u>\$ 195,404</u>
REVENUES							
General Fund:							
Corporation Taxes.....	\$ 4,892,028	\$ 4,484,500	\$ 4,807,900	\$ 4,507,100	\$ 4,295,100	\$ 4,318,900	\$ 4,334,800
Personal Income Tax.....	10,435,706	10,814,900	11,326,400	11,926,900	12,581,300	13,133,700	13,644,700
Sales and Use Tax.....	8,590,217	8,754,236	9,101,400	9,504,700	9,807,900	10,068,600	10,300,200
All Other Revenues/Taxes.....	3,579,266	3,068,300	3,159,366	3,218,116	3,340,235	3,461,141	3,551,997
Less Refunds.....	-1,150,000	-1,310,000	-1,335,000	-1,350,000	-1,380,000	-1,410,000	-1,440,000
Total General Fund.....	<u>\$ 26,347,217</u>	<u>\$ 25,811,936</u>	<u>\$ 27,060,066</u>	<u>\$ 27,806,816</u>	<u>\$ 28,644,535</u>	<u>\$ 29,572,341</u>	<u>\$ 30,391,697</u>
Special Funds.....	4,294,637	4,509,618	4,461,445	4,516,601	4,542,446	4,563,211	4,588,375
Federal Funds.....	26,452,071	22,830,692	21,487,808	21,169,193	21,405,455	21,710,639	22,023,294
Other Funds.....	9,634,163	10,159,340	10,073,109	9,885,407	9,935,566	10,005,460	10,080,169
Total Revenues and Balances.....	<u>\$ 67,147,943</u>	<u>\$ 65,100,764</u>	<u>\$ 63,689,076</u>	<u>\$ 63,779,573</u>	<u>\$ 64,841,308</u>	<u>\$ 66,106,013</u>	<u>\$ 67,282,236</u>
PROGRAM EXPENDITURES							
Direction and Supportive							
Services.....	\$ 2,004,248	\$ 1,777,432	\$ 1,717,195	\$ 1,646,124	\$ 1,644,743	\$ 1,634,731	\$ 1,633,603
Protection of Persons and							
Property.....	8,104,373	8,303,226	8,215,695	8,135,569	8,050,928	8,047,914	8,037,434
Education.....	15,474,907	14,110,487	14,058,673	14,378,152	14,824,493	15,311,852	15,583,683
Health and Human Services.....	29,883,146	30,507,239	29,762,757	30,252,431	30,955,586	31,728,062	32,611,731
Economic Development.....	2,780,955	2,237,695	2,147,563	1,859,529	1,859,389	1,859,164	1,860,031
Transportation.....	5,726,316	6,242,524	5,668,693	5,425,528	5,457,336	5,490,175	5,535,713
Recreation and Cultural Enrichment.....	526,992	560,099	495,867	494,329	495,965	497,410	497,994
Debt Service.....	1,074,099	1,152,521	1,217,524	1,271,794	1,297,104	1,336,523	1,385,240
Less General Fund Lapses.....	-93,700	-355,000	0	0	0	0	0
Less Special Fund Lapses.....	-98,749	-40,813	0	0	0	0	0
Total Operating Expenditures.....	<u>\$ 65,382,587</u>	<u>\$ 64,495,410</u>	<u>\$ 63,283,967</u>	<u>\$ 63,463,456</u>	<u>\$ 64,585,544</u>	<u>\$ 65,905,831</u>	<u>\$ 67,145,429</u>
Transfer to Budget Stabilization							
Reserve Fund.....	0	0	-3,553	-2,390	-1,011	-1,099	-1,179
ENDING BALANCES							
General Fund.....	<u>\$ 1,072,863</u>	<u>\$ 93,114</u>	<u>\$ 10,657</u>	<u>\$ 7,171</u>	<u>\$ 3,032</u>	<u>\$ 3,297</u>	<u>\$ 3,538</u>
Special Funds	<u>\$ 701,565</u>	<u>\$ 513,534</u>	<u>\$ 390,899</u>	<u>\$ 306,135</u>	<u>\$ 251,330</u>	<u>\$ 195,404</u>	<u>\$ 131,615</u>

Program Budget Summary

Seven Year Summary of Commonwealth Programs

The following is a summary for the seven Commonwealth Programs of 2010-11 actual expenditures, 2011-12 amounts available, 2012-13 amounts budgeted and future year estimates for all the operating funds and capital bond authorizations as presented in the 2012-13 Governor's Executive Budget. A breakdown of each Commonwealth Program by Category and Subcategory is shown on subsequent pages.

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Direction and Supportive Services							
General Fund.....	\$ 789,695	\$ 801,702	\$ 766,029	\$ 760,598	\$ 757,646	\$ 747,057	\$ 745,175
Special Funds.....	515,934	558,769	559,246	564,001	565,572	566,149	566,903
Federal Funds.....	387,069	113,081	90,211	15,574	15,574	15,574	15,574
Other Funds.....	311,550	303,880	301,709	305,951	305,951	305,951	305,951
Total Operating.....	\$ 2,004,248	\$ 1,777,432	\$ 1,717,195	\$ 1,646,124	\$ 1,644,743	\$ 1,634,731	\$ 1,633,603
Protection of Persons and Property							
General Fund.....	\$ 2,772,222	\$ 3,065,782	\$ 2,983,972	\$ 2,982,142	\$ 2,968,142	\$ 2,968,142	\$ 2,965,512
Special Funds.....	707,102	743,573	754,879	750,962	751,147	750,756	750,756
Federal Funds.....	1,774,696	1,560,180	1,361,910	1,307,790	1,260,640	1,258,090	1,250,290
Other Funds.....	2,850,353	2,933,691	3,114,934	3,094,675	3,070,999	3,070,926	3,070,876
Total Operating.....	\$ 8,104,373	\$ 8,303,226	\$ 8,215,695	\$ 8,135,569	\$ 8,050,928	\$ 8,047,914	\$ 8,037,434
Education							
General Fund.....	\$ 10,853,129	\$ 10,912,741	\$ 10,988,047	\$ 11,391,205	\$ 11,849,682	\$ 12,337,041	\$ 12,608,872
Special Funds.....	1,103	7,947	1,103	1,103	1,103	1,103	1,103
Federal Funds.....	3,724,634	2,273,921	2,209,167	2,125,488	2,113,352	2,113,352	2,113,352
Other Funds.....	896,041	915,878	860,356	860,356	860,356	860,356	860,356
Total Operating.....	\$ 15,474,907	\$ 14,110,487	\$ 14,058,673	\$ 14,378,152	\$ 14,824,493	\$ 15,311,852	\$ 15,583,683
Health and Human Services							
General Fund.....	\$ 9,138,148	\$ 10,915,909	\$ 10,872,096	\$ 11,072,386	\$ 11,443,059	\$ 11,851,104	\$ 12,353,406
Special Funds.....	1,275,679	1,355,025	1,332,775	1,338,897	1,325,097	1,336,197	1,347,397
Federal Funds.....	17,360,587	15,959,706	15,192,680	15,436,613	15,732,088	16,039,747	16,360,125
Other Funds.....	2,108,732	2,276,599	2,365,206	2,404,535	2,455,342	2,501,014	2,550,803
Total Operating.....	\$ 29,883,146	\$ 30,507,239	\$ 29,762,757	\$ 30,252,431	\$ 30,955,586	\$ 31,728,062	\$ 32,611,731
Economic Development							
General Fund.....	\$ 373,350	\$ 274,022	\$ 271,561	\$ 291,896	\$ 292,683	\$ 293,383	\$ 294,173
Special Funds.....	3,000	3,350	3,361	3,361	3,361	3,361	3,361
Federal Funds.....	1,381,455	864,028	826,563	694,934	695,007	695,082	695,159
Other Funds.....	1,023,150	1,096,295	1,046,078	869,338	868,338	867,338	867,338
Total Operating.....	\$ 2,780,955	\$ 2,237,695	\$ 2,147,563	\$ 1,859,529	\$ 1,859,389	\$ 1,859,164	\$ 1,860,031

Program Budget Summary

Seven Year Summary of Commonwealth Programs

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Transportation							
General Fund.....	\$ 784	\$ 6,650	\$ 855	\$ 855	\$ 855	\$ 855	\$ 855
Special Funds.....	1,734,315	1,899,839	1,789,952	1,802,531	1,810,323	1,819,540	1,840,039
Federal Funds.....	1,736,976	1,971,874	1,726,849	1,509,849	1,509,849	1,509,849	1,509,849
Other Funds.....	2,254,241	2,364,161	2,151,037	2,112,293	2,136,309	2,159,931	2,184,970
Total Operating.....	\$ 5,726,316	\$ 6,242,524	\$ 5,668,693	\$ 5,425,528	\$ 5,457,336	\$ 5,490,175	\$ 5,535,713
Recreation and Cultural Enrichment							
General Fund.....	\$ 169,199	\$ 143,117	\$ 136,603	\$ 136,603	\$ 136,603	\$ 136,603	\$ 136,603
Special Funds.....	152,600	145,893	123,592	124,490	126,065	127,457	128,020
Federal Funds.....	86,654	87,902	80,428	78,945	78,945	78,945	78,945
Other Funds.....	118,539	183,187	155,244	154,291	154,352	154,405	154,426
Total Operating.....	\$ 526,992	\$ 560,099	\$ 495,867	\$ 494,329	\$ 495,965	\$ 497,410	\$ 497,994
Debt Service							
General Fund.....	\$ 977,544	\$ 1,041,512	\$ 1,119,807	\$ 1,172,227	\$ 1,198,993	\$ 1,236,792	\$ 1,285,681
Special Funds.....	24,998	25,360	19,172	15,599	14,192	14,192	14,110
Federal Funds.....	0	0	0	0	0	0	0
Other Funds.....	71,557	85,649	78,545	83,968	83,919	85,539	85,449
Total Operating.....	\$ 1,074,099	\$ 1,152,521	\$ 1,217,524	\$ 1,271,794	\$ 1,297,104	\$ 1,336,523	\$ 1,385,240
Capital Bond Authorizations.....	\$ 0	\$ 0	\$ 1,526,024	\$ 1,417,187	\$ 1,274,970	\$ 1,306,704	\$ 1,043,971
Program Total.....	\$ 1,074,099	\$ 1,152,521	\$ 2,743,548	\$ 2,688,981	\$ 2,572,074	\$ 2,643,227	\$ 2,429,211
COMMONWEALTH TOTALS							
General Fund.....	\$ 25,074,071	\$ 27,161,435	\$ 27,138,970	\$ 27,807,912	\$ 28,647,663	\$ 29,570,977	\$ 30,390,277
Special Funds.....	4,414,731	4,739,756	4,584,080	4,600,944	4,596,860	4,618,755	4,651,689
Federal Funds.....	26,452,071	22,830,692	21,487,808	21,169,193	21,405,455	21,710,639	22,023,294
Other Funds.....	9,634,163	10,159,340	10,073,109	9,885,407	9,935,566	10,005,460	10,080,169
Total Operating.....	\$ 65,575,036	\$ 64,891,223	\$ 63,283,967	\$ 63,463,456	\$ 64,585,544	\$ 65,905,831	\$ 67,145,429
Capital Bond Authorizations.....	\$ 0	\$ 0	\$ 1,526,024	\$ 1,417,187	\$ 1,274,970	\$ 1,306,704	\$ 1,043,971
Program Total.....	\$ 65,575,036	\$ 64,891,223	\$ 64,809,991	\$ 64,880,643	\$ 65,860,514	\$ 67,212,535	\$ 68,189,400

Program Budget Summary

Direction and Supportive Services

The goal of this commonwealth program is to provide an efficient and effective administrative support system through which the goals and objectives of the commonwealth programs can be attained. This commonwealth program supports the administration's goals to streamline state government and achieve efficiencies and to refocus the investment of taxpayer dollars on the core functions of government. The On the Path to Prosperity theme in the Overview and Summaries section highlights the administration's priorities in this program area.

Centralized functions affecting all agencies make up this program. Administrative costs specifically related to particular programs usually appear in a program subcategory to which they relate.

The agencies in this program include the Governor's Office, Executive Offices, Lieutenant Governor, Auditor General, Treasury, Civil Service Commission, Department of General Services, Department of Revenue, the State Employees' Retirement System and the Legislature.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Administrative and Support Services.....	\$ 156,751	\$ 172,853	\$ 163,535	\$ 163,535	\$ 163,634	\$ 163,535	\$ 163,535
Executive Direction.....	124,011	123,342	121,329	121,329	121,428	121,329	121,329
Personnel Selection.....	1	1	1	1	1	1	1
State Retirement System.....	4	4	4	4	4	4	4
Ethics Commission.....	1,786	1,768	1,680	1,680	1,680	1,680	1,680
Legal Services.....	3,491	3,357	3,189	3,189	3,189	3,189	3,189
Health Care Cost Containment Council.....	2,710	2,683	0	0	0	0	0
Government Support Agencies.....	24,748	41,698	37,332	37,332	37,332	37,332	37,332
Fiscal Management.....	\$ 728,393	\$ 781,752	\$ 769,458	\$ 768,782	\$ 767,302	\$ 757,389	\$ 756,261
Revenue Collection and Administration.....	625,898	677,443	670,263	669,652	668,172	658,259	659,556
Disbursement.....	56,250	59,685	56,802	56,737	56,737	56,737	54,312
Auditing.....	46,245	44,624	42,393	42,393	42,393	42,393	42,393
Physical Facilities and Commodities Management.....	\$ 131,233	\$ 131,908	\$ 130,367	\$ 130,367	\$ 130,367	\$ 130,367	\$ 130,367
Facility, Property and Commodity Management.....	131,233	131,908	130,367	130,367	130,367	130,367	130,367
Legislative Processes.....	\$ 288,263	\$ 272,784	\$ 260,776	\$ 260,776	\$ 260,776	\$ 260,776	\$ 260,776
Legislature.....	288,263	272,784	260,776	260,776	260,776	260,776	260,776
Interstate Relations.....	\$ 989	\$ 1,174	\$ 1,139	\$ 1,139	\$ 1,139	\$ 1,139	\$ 1,139
Interstate Relations.....	989	1,174	1,139	1,139	1,139	1,139	1,139
PROGRAM TOTAL.....	\$ 1,305,629	\$ 1,360,471	\$ 1,325,275	\$ 1,324,599	\$ 1,323,218	\$ 1,313,206	\$ 1,312,078

Protection of Persons and Property

The goal of this commonwealth program is to provide an environment and a social system in which the lives and property of individuals and organizations are protected from natural and man-made disasters and from illegal and unfair actions. This commonwealth program supports the administration's goal to protect the public health and safety of Pennsylvania's citizens. The Criminal Justice and Enhanced Public Safety theme in the Overview and Summaries section highlights the administration's priorities in this program area.

This program addresses the substantive areas of consumer and environmental protection, certain regulatory activities, the criminal justice system and mitigation of the effects of disasters. Within these broad areas, the State Police, Department of Banking and Securities, Attorney General, Department of Corrections, Public Utility Commission, Liquor Control Board, Pennsylvania Emergency Management Agency, Board of Probation and Parole, the Judiciary, Milk Marketing Board, Department of State and the Insurance Department deal almost entirely with protection of persons and property. Several agencies such as the Executive Offices and the departments of Environmental Protection, Agriculture, Labor and Industry and Military and Veterans Affairs are more diversified and some of their activities are included in this program as well as in other commonwealth programs.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
General Administration and Support.....	\$ 39,219	\$ 36,148	\$ 35,962	\$ 35,962	\$ 35,962	\$ 35,962	\$ 35,962
Criminal and Juvenile Justice Planning.....	24,811	23,671	23,593	23,593	23,593	23,593	23,593
Environmental Support Services.....	14,408	12,477	12,369	12,369	12,369	12,369	12,369
Public Protection and Law Enforcement.....	\$ 896,033	\$ 959,593	\$ 968,680	\$ 964,763	\$ 964,948	\$ 964,557	\$ 964,557
State Police.....	695,915	751,788	756,853	756,853	756,853	756,853	756,853
Attorney General.....	83,007	81,392	78,121	78,121	78,121	78,121	78,121
Highway Safety Administration and Licensing.....	117,111	126,413	133,706	129,789	129,974	129,583	129,583
Control and Reduction of Crime.....	\$ 1,781,402	\$ 1,993,857	\$ 1,998,689	\$ 1,998,869	\$ 1,998,869	\$ 1,998,869	\$ 1,998,869
Institutionalization of Offenders.....	1,663,114	1,867,022	1,867,022	1,867,022	1,867,022	1,867,022	1,867,022
Reintegration of Adult Offenders.....	118,288	126,835	131,667	131,847	131,847	131,847	131,847
Juvenile Crime Prevention.....	\$ 19,551	\$ 19,771	\$ 18,906	\$ 18,906	\$ 18,906	\$ 18,906	\$ 18,906
Reintegration of Juvenile Delinquents.....	19,551	19,771	18,906	18,906	18,906	18,906	18,906
Adjudication of Defendants.....	\$ 276,860	\$ 298,860	\$ 298,860	\$ 298,860	\$ 298,860	\$ 298,860	\$ 298,860
State Judicial System.....	276,860	298,860	298,860	298,860	298,860	298,860	298,860
Public Order and Community Safety.....	\$ 29,434	\$ 41,792	\$ 46,792	\$ 44,792	\$ 30,792	\$ 30,792	\$ 28,152
Emergency Management.....	10,622	22,831	27,471	25,471	11,471	11,471	8,831
State Military Readiness.....	18,812	18,961	19,321	19,321	19,321	19,321	19,321
Protection From Natural Hazards and Disasters.....	\$ 133,284	\$ 128,676	\$ 118,195	\$ 118,195	\$ 118,195	\$ 118,195	\$ 118,195
Environmental Protection and Management.....	133,284	128,676	118,195	118,195	118,195	118,195	118,195
Consumer Protection.....	\$ 266,716	\$ 294,914	\$ 218,559	\$ 218,549	\$ 218,549	\$ 218,549	\$ 218,559
Consumer Protection.....	8,342	10,126	8,859	8,849	8,849	8,849	8,859
Financial Institution and Securities Industry Regulation.....	21,956	22,380	21,349	21,349	21,349	21,349	21,349
Insurance Industry Regulation.....	137,195	120,674	123,195	123,195	123,195	123,195	123,195

Program Budget Summary

Protection of Persons and Property (continued)

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Horse Racing Regulation.....	16,618	17,417	17,667	17,667	17,667	17,667	17,667
Protection and Development of Agricultural Industries.....	82,605	124,317	47,489	47,489	47,489	47,489	47,489
Community and Occupational Safety and Stability.....	\$ 27,045	\$ 26,253	\$ 24,717	\$ 24,717	\$ 24,717	\$ 24,717	\$ 24,717
Community and Occupational Safety and Stability.....	24,709	24,044	22,713	22,713	22,713	22,713	22,713
Fire Prevention and Safety.....	2,336	2,209	2,004	2,004	2,004	2,004	2,004
Prevention & Elimination of Discriminatory Practices.....	\$ 9,780	\$ 9,491	\$ 9,491	\$ 9,491	\$ 9,491	\$ 9,491	\$ 9,491
Prevention & Elimination of Discriminatory Practices.....	9,780	9,491	9,491	9,491	9,491	9,491	9,491
PROGRAM TOTAL.....	\$ 3,479,324	\$ 3,809,355	\$ 3,738,851	\$ 3,733,104	\$ 3,719,289	\$ 3,718,898	\$ 3,716,268

Program Budget Summary

Education

The goal of this commonwealth program is to provide a system of learning experiences and opportunities that will permit each individual to achieve his or her full potential intellectual development through high-quality basic education and special education programs, and through high-quality career and technical education and higher education. This commonwealth program supports the administration's goals to support an agenda for excellence, a world-class education that enables all Pennsylvania children to achieve their full potential, and to expand educational opportunities and alternative pathways to teaching and leadership. The Education in Pennsylvania: Changing the Culture theme in the Overview and Summaries section highlights the administration's priorities in advancing the commonwealth's educational system.

This commonwealth program is financed primarily through the Department of Education. Other agencies providing support are the departments of Revenue, Public Welfare and Labor and Industry, and the Higher Education Assistance Agency and the Tax Equalization Board.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Educational Support Services	\$ 29,257	\$ 29,243	\$ 27,595	\$ 27,595	\$ 27,595	\$ 27,595	\$ 27,595
Education Support Services.....	29,257	29,243	27,595	27,595	27,595	27,595	27,595
Basic Education	\$ 8,966,799	\$ 9,244,722	\$ 9,588,123	\$ 9,991,281	\$ 10,449,758	\$ 10,937,117	\$ 11,208,948
PreK-12 Education.....	8,949,033	9,226,067	9,568,995	9,971,197	10,428,565	10,914,974	11,185,698
Public Utility Realty Payments.....	17,766	18,655	19,128	20,084	21,193	22,143	23,250
Higher Education	\$ 1,858,176	\$ 1,646,723	\$ 1,373,432	\$ 1,373,432	\$ 1,373,432	\$ 1,373,432	\$ 1,373,432
Higher Education.....	1,417,024	1,223,773	977,727	977,727	977,727	977,727	977,727
Financial Assistance to Students.....	410,080	398,561	378,633	378,633	378,633	378,633	378,633
Financial Assistance to Institutions.....	31,072	24,389	17,072	17,072	17,072	17,072	17,072
PROGRAM TOTAL	\$ 10,854,232	\$ 10,920,688	\$ 10,989,150	\$ 11,392,308	\$ 11,850,785	\$ 12,338,144	\$ 12,609,975

Program Budget Summary

Health and Human Services

The goals of this commonwealth program are to ensure access to quality medical care for all citizens, support people seeking self-sufficiency, provide military readiness and assistance to veterans and maximize opportunities for individuals and families to participate in society. The Preserving the Safety Net theme highlights the administration's priorities to maintain essential health and human services while reforming the public welfare system.

This program addresses the following substantive areas: research; prevention and treatment of physical, mental health and intellectual disabilities; maternal and child health care; financial assistance for older Pennsylvanians, medically needy individuals and families in transition; and other programs to address the various issues individuals encounter in a complex society.

These activities are primarily the responsibility of the departments of Aging, Health, Drug and Alcohol Programs and Public Welfare with contributions by the departments of Agriculture, Labor and Industry, Military and Veterans Affairs, Revenue and Transportation.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Human Services Support.....	\$ 102,621	\$ 104,524	\$ 106,124	\$ 106,124	\$ 106,124	\$ 106,124	\$ 106,124
Human Services Support.....	102,621	104,524	106,124	106,124	106,124	106,124	106,124
Social Development of Individuals.....	\$ 1,661,539	\$ 1,571,809	\$ 2,202,504	\$ 2,202,504	\$ 2,202,504	\$ 2,202,504	\$ 2,202,504
Human Services.....	1,185,549	1,131,444	1,765,383	1,765,383	1,765,383	1,765,383	1,765,383
Child Development.....	475,990	440,365	437,121	437,121	437,121	437,121	437,121
Support of Older Pennsylvanians.....	\$ 813,372	\$ 844,430	\$ 811,117	\$ 842,239	\$ 853,439	\$ 864,539	\$ 875,739
Community Services for Older Pennsylvanians.....	303,829	310,740	310,140	315,262	315,262	315,262	315,262
Homeowners and Renters Assistance.....	283,395	283,900	286,100	287,100	288,300	289,400	290,600
Pharmaceutical Assistance.....	226,148	249,790	214,877	239,877	249,877	259,877	269,877
Income Maintenance.....	\$ 781,495	\$ 711,860	\$ 561,442	\$ 561,442	\$ 561,442	\$ 561,442	\$ 561,442
Income Maintenance.....	769,965	693,483	543,618	543,618	543,618	543,618	543,618
Workers Compensation and Assistance.....	2,289	2,014	1,839	1,839	1,839	1,839	1,839
Military Compensation and Assistance.....	9,241	16,363	15,985	15,985	15,985	15,985	15,985
Physical Health Treatment.....	\$ 5,290,696	\$ 6,987,787	\$ 7,199,050	\$ 7,374,340	\$ 7,720,013	\$ 8,128,058	\$ 8,630,360
Medical Assistance.....	3,640,383	5,019,114	5,228,569	5,343,466	5,562,097	5,791,904	6,085,257
Long-Term Living.....	1,243,421	1,558,866	1,633,166	1,693,559	1,820,601	1,998,839	2,207,788
Health Treatment Services.....	13,536	12,174	10,878	10,878	10,878	10,878	10,878
Health Support Services.....	43,665	46,827	43,964	43,964	43,964	43,964	43,964
Health Research.....	72,807	67,535	8,785	8,785	8,785	8,785	8,785
Emergency Food Assistance.....	19,952	19,417	19,417	19,417	19,417	19,417	19,417
Prevention and Treatment of Drug and Alcohol Abuse.....	41,698	40,698	41,698	41,698	41,698	41,698	41,698
Preventive Health.....	133,008	129,799	125,452	125,452	125,452	125,452	125,452
Veterans Homes.....	82,226	93,357	87,121	87,121	87,121	87,121	87,121
Mental Health.....	\$ 734,006	\$ 765,121	\$ 166,819	\$ 166,819	\$ 166,819	\$ 166,819	\$ 166,819
Mental Health.....	734,006	765,121	166,819	166,819	166,819	166,819	166,819

Program Budget Summary

Health and Human Services (continued)

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Intellectual Disabilities.....	\$ 1,030,098	\$ 1,285,403	\$ 1,157,815	\$ 1,157,815	\$ 1,157,815	\$ 1,157,815	\$ 1,157,815
Intellectual Disabilities.....	1,030,098	1,285,403	1,157,815	1,157,815	1,157,815	1,157,815	1,157,815
PROGRAM TOTAL.....	\$ 10,413,827	\$ 12,270,934	\$ 12,204,871	\$ 12,411,283	\$ 12,768,156	\$ 13,187,301	\$ 13,700,803

Economic Development

The goal of this commonwealth program is to invest public resources to create jobs for Pennsylvanians. To do so, this program offers a variety of grants, loans and loan guarantees designed to stimulate economic investment, growth and expanded employment. This commonwealth program supports the administration's goal to create and maintain a business climate in which good, family-sustaining jobs can grow and communities can prosper. The JOBSFirst PA and the Comprehensive Workforce Strategy themes in the Overview and Summaries section highlights the administration's efforts to stimulate Pennsylvania's economy.

This program works in tandem with numerous state authorities and agencies to aggregate and strategically invest resources to expand and retain Pennsylvania-based firms and attract new companies to the commonwealth that will offer Pennsylvania's communities stability, vitality and job opportunities. This program leverages workforce and community development resources that together with business investment enable Pennsylvania to compete on behalf of and for its business partners.

The total efforts of the Department of Community and Economic Development, the Pennsylvania Economic Development Financing Authority and the Infrastructure Investment Authority (PENNVEST) are devoted to this program. The Executive Offices, Auditor General, Housing Finance Agency, and the departments of Education, Labor and Industry and Revenue also contribute to this program.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Economic Development and Job Creation.....	\$ 182,367	\$ 153,788	\$ 153,739	\$ 173,382	\$ 173,366	\$ 173,379	\$ 173,367
PA Job Creation, Business Growth and Attraction.....	182,367	153,788	153,739	173,382	173,366	173,379	173,367
Global Economic Development.....	\$ 6,275	\$ 6,125	\$ 6,143	\$ 6,143	\$ 6,143	\$ 6,143	\$ 6,143
PA Worldwide.....	6,275	6,125	6,143	6,143	6,143	6,143	6,143
Innovative Economic Development.....	\$ 20,506	\$ 27,850	\$ 27,761	\$ 27,761	\$ 27,761	\$ 27,761	\$ 27,761
PA Innovation Economy.....	20,506	27,850	27,761	27,761	27,761	27,761	27,761
Workforce Investment.....	\$ 56,956	\$ 45,694	\$ 45,960	\$ 45,960	\$ 45,960	\$ 45,960	\$ 45,960
Workforce Development.....	13,112	2,113	3,952	3,952	3,952	3,952	3,952
Vocational Rehabilitation.....	43,844	43,581	42,008	42,008	42,008	42,008	42,008
Commonwealth Economic Assets.....	\$ 20,215	\$ 12,707	\$ 11,313	\$ 11,313	\$ 11,313	\$ 11,313	\$ 11,313
PA Assets.....	20,215	12,707	11,313	11,313	11,313	11,313	11,313
Community Development.....	\$ 90,031	\$ 31,208	\$ 30,006	\$ 30,698	\$ 31,501	\$ 32,188	\$ 32,990
PA Communities.....	77,169	17,703	16,158	16,158	16,158	16,158	16,158
Public Utility Realty Payments.....	12,862	13,505	13,848	14,540	15,343	16,030	16,832
PROGRAM TOTAL.....	\$ 376,350	\$ 277,372	\$ 274,922	\$ 295,257	\$ 296,044	\$ 296,744	\$ 297,534

Transportation

The goal of this commonwealth program is to provide a system for the fast, convenient, efficient and safe movement of individuals and goods within the commonwealth that is interfaced with a national and international system of transportation. This commonwealth program supports the administration's goal to create and maintain a business climate in which good, family-sustaining jobs can grow and communities can prosper. JOBSFirst PA theme in the Overview and Summaries section highlights the administration's priorities in this program area.

Transportation systems are developed to serve the needs of citizens, commerce and industry and are financed through the Department of Transportation.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Transportation Systems and Services	\$ 1,735,099	\$ 1,906,489	\$ 1,790,807	\$ 1,803,386	\$ 1,811,178	\$ 1,820,395	\$ 1,840,894
Transportation Support Services.....	52,960	54,956	56,264	56,264	56,264	56,264	56,264
Highways and Bridges.....	1,376,136	1,525,955	1,412,490	1,422,939	1,428,456	1,434,042	1,449,634
Local Highway and Bridge Assistance.....	232,100	239,928	240,223	240,328	240,528	242,032	244,760
Intermodal Transportation.....	73,903	85,650	81,830	83,855	85,930	88,057	90,236
PROGRAM TOTAL	\$ 1,735,099	\$ 1,906,489	\$ 1,790,807	\$ 1,803,386	\$ 1,811,178	\$ 1,820,395	\$ 1,840,894

Recreation and Cultural Enrichment

The goal of this commonwealth program is to improve the quality of life in Pennsylvania's urban, suburban and rural communities. This program focuses resources on our recreational and cultural amenities ensuring that Pennsylvanians can fully enjoy the natural beauty of the commonwealth. This program also ensures that residents and visitors can explore the diversity of cultural traditions, the creativity of our artistic community and the bountiful history of our state and its prominence in forming the heritage of our nation.

In working toward these broad commonwealth program goals, the Department of Conservation and Natural Resources undertakes a wide variety of activities in the development and provision of outdoor recreational opportunities. The Department of Education conducts a program to develop a system of local, county and regional public libraries, including the operation of the State Library at Harrisburg, and provides recreational opportunities through local school districts. The Historical and Museum Commission provides state and local museum assistance.

In addition, the Fish and Boat Commission, Game Commission and Council on the Arts contribute to this commonwealth program.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Recreation.....	\$ 224,817	\$ 194,717	\$ 168,413	\$ 167,658	\$ 167,658	\$ 167,658	\$ 167,658
Parks and Forests Management.....	115,234	81,003	53,723	53,723	53,723	53,723	53,723
Recreational Fishing and Boating.....	47,231	46,791	46,791	46,036	46,036	46,036	46,036
Wildlife Management.....	62,352	66,923	67,899	67,899	67,899	67,899	67,899
Cultural Enrichment.....	\$ 96,982	\$ 94,293	\$ 91,782	\$ 93,435	\$ 95,010	\$ 96,402	\$ 96,965
State Historical Preservation.....	17,617	17,525	16,649	16,649	16,649	16,649	16,649
Local Museum Assistance.....	6,664	4,943	6,043	7,307	8,511	9,576	10,006
Development of Artists and Audiences.....	9,138	9,065	9,065	9,065	9,065	9,065	9,065
State Library Services.....	63,563	62,760	60,025	60,414	60,785	61,112	61,245
PROGRAM TOTAL.....	\$ 321,799	\$ 289,010	\$ 260,195	\$ 261,093	\$ 262,668	\$ 264,060	\$ 264,623

Program Budget Summary

Debt Service

The goal of this commonwealth program is to provide sufficient financial resources necessary to meet the timely payment of commonwealth debt obligations. Debt financing is used by the commonwealth to finance its capital programs and voter-approved bond referenda and to fund certain disaster relief programs. Most long-term financing of the commonwealth is provided by the issuance of general obligation debt. Debt financing is utilized by all other commonwealth programs to support the goals of each of the commonwealth's program categories.

The agency that participates in this program is Treasury.

Contribution by Category and Subcategory

General Fund and Special Funds

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Debt Service.....	\$ 1,002,542	\$ 1,066,872	\$ 1,138,979	\$ 1,187,826	\$ 1,213,185	\$ 1,250,984	\$ 1,299,791
Debt Service.....	1,002,542	1,066,872	1,138,979	1,187,826	1,213,185	1,250,984	1,299,791
PROGRAM TOTAL.....	\$ 1,002,542	\$ 1,066,872	\$ 1,138,979	\$ 1,187,826	\$ 1,213,185	\$ 1,250,984	\$ 1,299,791

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Commonwealth of Pennsylvania

Governor's Executive Budget

SUMMARY

BY

FUND

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GENERAL FUND

The General Fund is the major operating fund of the commonwealth. It receives all tax receipts and other types of revenue not specified by law to be placed in special funds. Except for certain restricted receipts, the income of the General Fund is appropriated in specific amounts for the ordinary programs of government.

Pennsylvania's major sources of General Fund revenues are corporation taxes, consumption taxes, the Personal Income Tax and nontax revenues.

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FINANCIAL STATEMENT

The following financial statement and accompanying notes are a summary of the General Fund revenues and expenditures for the 2010-11 actual year, 2011-12 available year and 2012-13 budget year. The financial statement excludes augmentations and Federal funds that are detailed in subsequent tables.

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Available	2012-13 Estimated
Beginning Balance	\$ -294,233	\$ 1,072,863	\$ 93,114
Adjustment to Beginning Balance.....	250	14,750	0
Adjusted Beginning Balance.....	\$ -293,983	\$ 1,087,613	\$ 93,114
Revenue:			
Revenue Receipts.....	\$ 27,497,217	\$ 27,121,936	\$ 28,152,800
Proposed Revenue Changes.....	0	0	242,266
Less Refunds.....	-1,150,000	-1,310,000	-1,335,000
Total Revenue.....	\$ 26,347,217	\$ 25,811,936	\$ 27,060,066
Prior Year Lapses.....	93,700	195,000	0
Funds Available.....	\$ 26,146,934	\$ 27,094,549	\$ 27,153,180
Expenditures:			
Appropriations.....	\$ 28,139,791 ^a	\$ 27,160,435	\$ 27,138,970
Supplemental Appropriations.....	0	1,000	0
Less Federal ARRA Funds:			
Enhanced Medical Assistance Percentage.....	-1,756,520	0	0
State Fiscal Stabilization Fund.....	-921,384	0	0
Education Jobs Fund.....	-387,816	0	0
Less Current Year Lapses.....	0	-160,000	0
Total State Expenditures.....	\$ 25,074,071	\$ 27,001,435	\$ 27,138,970
Preliminary Balance.....	\$ 1,072,863	\$ 93,114	\$ 14,210
Less Transfer to Budget Stabilization Reserve Fund.....			
Reserve Fund.....	0 ^b	0 ^c	-3,553
Ending Balance	<u>\$ 1,072,863</u>	<u>\$ 93,114</u>	<u>\$ 10,657</u>

^a Includes State General Fund appropriations and Federal ARRA funds appropriated from the enhanced Federal Medical Assistance Percentage, the State Fiscal Stabilization Fund and the Education Jobs Fund.

^b Act 26 of 2011 suspended the 25% transfer to the Budget Stabilization Reserve Fund for FY 2010-11.

^c This budget proposes the suspension of the 25% transfer to the Budget Stabilization Reserve Fund for FY 2011-12.

NOTES ON FINANCIAL STATEMENT
(Dollar Amounts in Thousands)

PROPOSED TAX AND REVENUE MODIFICATIONS

	2012-13 Estimated
<i>Tax Revenue:</i>	
Vendor Sales Tax Discount	\$ 41,300
A cap of \$250 per month is proposed for the vendor sales tax discount, effective for returns filed after July 1, 2012.	
Enhanced Enforcement Initiative	\$ 21,600
Authority to attach bank accounts of delinquent businesses, increased penalties for failure to file pass-through entity information returns and withholding at source for certain payments of non-wage income.	
Cigarette Tax Transfer to Farmland Preservation	\$ 20,485
The transfer of cigarette tax receipts to the Agricultural Conservation Easement Purchase Fund is eliminated.	
Gross Receipts Tax Transfer to AFIG	\$ 6,500
The transfer of .25 mills of the gross receipts tax to the Alternative Fuels Incentive Grant Fund is eliminated.	
Enhanced Revenue Collections Account	\$ 100,000
Authority which expands and extends the agency appropriation beyond fiscal year 2011-12 is proposed including a new funding level of \$10 million and continuation of the program for at least 5 years through fiscal year 2016-17.	
<i>Non-Tax Revenue:</i>	
Transfer from PHEAA	\$ 13,800
A transfer of unused fiscal year 2011-12 funds from PHEAA to the General Fund.	
Transfer from Keystone Recreation, Park and Conservation Fund	\$ 38,581
A transfer of funds to the General Fund.	
TOTAL PROPOSED TAX AND REVENUE MODIFICATIONS	<u>\$ 242,266</u>

NOTES ON FINANCIAL STATEMENT

(Dollar Amounts in Thousands)

SUPPLEMENTAL APPROPRIATIONS

	2011-12 Available
STATE SUPPLEMENTALS	
Executive Offices	
Office of the Receiver - City of Harrisburg.....	\$ 1,000
Public Welfare	
County Assistance Offices.....	\$ -3,144
Youth Development Institutions and Forestry Camps.....	-914
Cash Grants.....	-13,705
Payment to Federal Government - Medicare Drug Program.....	-6,917
Medical Assistance - Outpatient.....	-3,270
Medical Assistance - Inpatient.....	-39,166
Medical Assistance - Capitation.....	58,892
Long-Term Care.....	9,988
Long-Term Care Managed Care.....	-6,845
Medical Assistance - Transportation.....	4,000
Special Pharmaceutical Services.....	-1,112
Early Intervention.....	-6,497
Child Care Assistance.....	-7,554
Services to Persons with Disabilities.....	11,762
Attendant Care.....	-8,062
Medical Assistance - Workers with Disabilities.....	12,544
Public Welfare Total.....	<u>\$ 0</u>
TOTAL SUPPLEMENTALS.....	<u><u>\$ 1,000</u></u>

STATE FUNDS BY DEPARTMENT

The following is a summary, by department, of 2010-11 actual expenditures, the 2011-12 amounts available and the 2012-13 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Available	2012-13 Budget
Governor's Office.....	\$ 6,981	\$ 6,504	\$ 6,179
Executive Offices.....	165,677	163,415	160,902
Lieutenant Governor's Office.....	976	1,345	1,278
Attorney General.....	83,007	81,392	78,121
Auditor General.....	46,245	44,624	42,393
Treasury.....	1,022,541	1,090,119	1,166,596
Agriculture.....	92,188	133,096	56,268
Civil Service Commission.....	1	1	1
Community and Economic Development *.....	303,532	214,823	211,753
Conservation and Natural Resources.....	80,914	55,288	52,723
Corrections.....	1,663,114	1,867,022	1,867,022
Drug and Alcohol Programs.....	41,698	40,698	41,698
Education**.....	10,454,715	10,531,318	10,631,380
Emergency Management Agency.....	12,958	25,040	29,475
Environmental Protection***.....	143,692	137,153	126,564
Ethics Commission.....	1,786	1,768	1,680
Fish and Boat Commission.....	17	-	-
General Services.....	118,454	119,123	117,590
Health.....	186,253	183,512	175,086
Health Care Cost Containment Council.....	2,710	2,683	-
Higher Education Assistance Agency.....	441,152	422,950	395,705
Historical and Museum Commission.....	17,617	17,525	16,649
Insurance.....	121,415	120,674	123,195
Labor and Industry.....	83,954	71,752	70,512
Military and Veterans Affairs.....	110,279	128,681	122,427
Probation and Parole Board.....	118,288	126,835	131,667
Public Welfare.....	8,796,489	10,560,548	10,530,950
Revenue****.....	182,761	193,304	185,136
Securities Commission.....	1,123	1,031	-
State.....	8,342	10,126	8,859
State Employees' Retirement System.....	4	4	4
State Police.....	172,233	186,728	187,030
Tax Equalization Board.....	1,009	1,057	-
Transportation.....	2,075	7,954	3,159
Legislature.....	288,263	272,784	260,776
Judiciary.....	276,860	298,860	298,860
Government Support Agencies.....	24,748	41,698	37,332
GRAND TOTAL.....	\$ 25,074,071	\$ 27,161,435	\$ 27,138,970

* Includes Pennsylvania Housing Finance Agency.

** Includes State System of Higher Education and Thaddeus Stevens College of Technology.

*** Includes Environmental Hearing Board.

**** Excludes refunds.

FEDERAL FUNDS BY DEPARTMENT

The following is a summary of Federal funds, by department, of 2010-11 actual expenditures, the 2011-12 amounts available and the 2012-13 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Available	2012-13 Budget
Executive Offices.....	\$ 543,787	\$ 250,024	\$ 202,687
Lieutenant Governor's Office.....	78	-	-
Attorney General.....	19,255	19,955	20,864
Agriculture.....	41,214	38,760	38,910
Community and Economic Development.....	236,676	146,644	140,495
Conservation and Natural Resources.....	40,327	38,560	39,050
Corrections.....	181,212	10,612	6,101
Drug and Alcohol Programs.....	67,103	70,054	68,776
Education.....	3,731,518	2,280,477	2,217,867
Emergency Management Agency.....	239,487	276,119	286,470
Environmental Protection*.....	388,728	268,578	223,675
General Services.....	811	-	-
Health.....	487,850	569,783	606,607
Higher Education Assistance Agency.....	1,575	1,575	-
Historical and Museum Commission.....	4,248	3,686	2,459
Infrastructure Investment Authority.....	367,091	221,191	250,907
Insurance.....	346,984	433,293	423,916
Labor and Industry.....	914,571	642,538	577,716
Liquor Control Board.....	100	100	70
Military and Veterans Affairs.....	348,598	339,382	215,242
Probation and Parole Board.....	1,071	294	121
Public Utility Commission.....	4,757	4,124	4,857
Public Welfare.....	16,243,972	14,813,731	14,023,327
State.....	41,651	38,800	36,617
State Police.....	60,554	49,482	48,948
Transportation.....	341,616	322,903	260,003
Judiciary.....	2,143	2,086	1,420
Government Support Agencies.....	1,280	1,280	1,280
GRAND TOTAL.....	\$ 24,658,257	\$ 20,844,031	\$ 19,698,385

* Includes Environmental Hearing Board.

AUGMENTATIONS BY DEPARTMENT

The following is a summary of augmentations, by department, of 2010-11 actual expenditures, the 2011-12 amounts available and the 2012-13 amounts budgeted as presented in the General Fund Budget.

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Available	2012-13 Budget
Executive Offices.....	\$ 118,298	\$ 112,884	\$ 107,920
Attorney General*.....	14,042	15,426	15,410
Auditor General.....	12,948	12,995	12,995
Treasury.....	8,016	7,445	6,875
Agriculture.....	5,553	5,372	6,140
Civil Service Commission.....	14,831	14,274	13,560
Community and Economic Development*.....	5,598	6,628	6,499
Conservation and Natural Resources.....	70,555	84,203	85,211
Corrections.....	1,806	1,873	1,934
Drug and Alcohol Programs.....	1,053	1,677	1,677
Education.....	128,937	5,651	5,329
Emergency Management Agency.....	69	87	541
Environmental Protection* **.....	23,764	29,052	29,344
General Services.....	37,563	34,612	36,403
Health*.....	4,900	4,596	6,466
Higher Education Assistance Agency.....	-	50,000	50,000
Historical and Museum Commission.....	542	842	832
Insurance.....	3,183	3,025	2,842
Labor and Industry*.....	18,461	7,133	7,116
Military and Veterans Affairs.....	28,313	28,630	29,854
Probation and Parole Board.....	4,333	4,185	3,985
Public Utility Commission*.....	56,003	58,898	60,398
Public Welfare.....	1,671,150	1,894,736	1,908,166
Revenue.....	31,752	30,697	36,899
Securities Commission.....	9,555	8,186	-
State*.....	50,611	48,891	54,266
State Police*.....	56,408	56,710	57,813
Transportation*.....	1,483	1,102	-
Judiciary*.....	57,048	57,048	57,048
GRAND TOTAL.....	\$ 2,436,775	\$ 2,586,858	\$ 2,605,523

* Includes funds appropriated from restricted revenues.

** Includes Environmental Hearing Board.

General Fund Revenue Summary

Seven Year Summary of Revenues

The following tables include all General Fund revenues available for general appropriation. This data does not include special restricted receipts, receipts augmenting appropriations or federal funds.

	(Dollar Amounts in Thousands)						
	2010-11 Actual	2011-12 Estimated	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
TAX REVENUE							
Corporation Taxes							
Corporate Net Income Tax.....	\$ 2,131,451	\$ 1,891,500	\$ 2,087,300	\$ 2,190,400	\$ 2,145,500	\$ 2,146,500	\$ 2,132,800
Capital Stock and Franchise Taxes.....	819,363	726,600	479,400	198,600	4,000	0	0
Selective Business:							
Gross Receipts Tax.....	1,225,163	1,145,000	1,497,700	1,352,800	1,369,100	1,386,800	1,404,600
Public Utility Realty Tax.....	34,434	34,700	35,000	35,300	35,600	35,900	36,200
Insurance Premiums Tax.....	428,594	431,300	444,600	462,400	477,600	490,300	505,400
Financial Institutions Tax.....	237,631	241,200	249,000	252,000	246,900	242,200	237,700
Other Selective Business Taxes.....	15,391	14,200	14,900	15,600	16,400	17,200	18,100
Total — Corporation Taxes.....	\$ 4,892,028	\$ 4,484,500	\$ 4,807,900	\$ 4,507,100	\$ 4,295,100	\$ 4,318,900	\$ 4,334,800
Consumption Taxes							
Sales and Use Tax.....	\$ 8,590,217	\$ 8,754,236	\$ 9,101,400	\$ 9,504,700	\$ 9,807,900	\$ 10,068,600	\$ 10,300,200
Cigarette Tax.....	1,075,366	1,075,400	1,096,985	1,098,085	1,099,185	1,100,285	1,101,385
Malt Beverage Tax.....	25,923	26,000	26,000	26,000	26,000	26,000	26,000
Liquor Tax.....	281,746	295,300	309,500	324,400	340,000	356,300	373,400
Total — Consumption Taxes.....	\$ 9,973,252	\$ 10,150,936	\$ 10,533,885	\$ 10,953,185	\$ 11,273,085	\$ 11,551,185	\$ 11,800,985
Other Taxes							
Personal Income Tax.....	\$ 10,435,706	\$ 10,814,900	\$ 11,326,400	\$ 11,926,900	\$ 12,581,300	\$ 13,133,700	\$ 13,644,700
Realty Transfer Tax.....	279,151	258,400	260,600	315,700	368,200	414,600	433,200
Inheritance Tax.....	805,214	825,400	852,600	886,600	928,100	974,000	1,021,200
Table Games.....	68,663	92,000	86,500	89,400	90,900	93,200	95,500
Minor and Repealed Taxes.....	6,607	8,700	8,700	8,700	8,700	8,700	8,700
Total — Other Taxes.....	\$ 11,595,341	\$ 11,999,400	\$ 12,534,800	\$ 13,227,300	\$ 13,977,200	\$ 14,624,200	\$ 15,203,300
TOTAL TAX REVENUE.....	\$ 26,460,621	\$ 26,634,836	\$ 27,876,585	\$ 28,687,585	\$ 29,545,385	\$ 30,494,285	\$ 31,339,085
NONTAX REVENUE							
State Stores Fund Transfer.....	\$ 105,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000
Licenses, Fees and Miscellaneous:							
Licenses and Fees.....	125,420	138,083	124,612	124,600	124,600	124,600	124,600
Miscellaneous.....	790,442	208,717	250,569	201,331	211,250	220,156	224,712
Fines, Penalties and Interest:							
On Taxes.....	12,540	14,000	17,000	17,000	17,000	17,000	17,000
Other.....	3,193	46,300	46,300	46,300	46,300	46,300	46,300
TOTAL NONTAX REVENUES.....	\$ 1,036,596	\$ 487,100	\$ 518,481	\$ 469,231	\$ 479,150	\$ 488,056	\$ 492,612
GENERAL FUND TOTAL.....	\$ 27,497,217	\$ 27,121,936	\$ 28,395,066	\$ 29,156,816	\$ 30,024,535	\$ 30,982,341	\$ 31,831,697

Totals may not add due to rounding.

Adjustments to Revenue Estimate

On June 30, 2011, the Official Estimate for fiscal year 2011-12 was certified to be \$27,840,836,000. The adjustments detailed below take into account actual revenue collections through the first six months of the fiscal year and projected collections for the remainder of the fiscal year based on current expectations for the economy and revenue trends.

	(Dollar Amounts in Thousands)		
	2011-12 Official Estimate	Adjustments	2011-12 Revised Estimate
TAX REVENUE			
Corporation Taxes			
Corporate Net Income Tax.....	\$ 2,231,600	\$ -340,100	\$ 1,891,500
Capital Stock and Franchise Taxes.....	763,100	-36,500	726,600
Selective Business:			
Gross Receipts Tax.....	1,212,000	-67,000	1,145,000
Public Utility Realty Tax.....	34,800	-100	34,700
Insurance Premiums Tax.....	431,100	200	431,300
Financial Institutions Tax.....	237,900	3,300	241,200
Other Selective Business Taxes.....	14,400	-200	14,200
Total — Corporation Taxes.....	\$ 4,924,900	\$ -440,400	\$ 4,484,500
Consumption Taxes			
Sales and Use Tax.....	\$ 8,788,100	\$ -33,864	\$ 8,754,236
Cigarette Tax.....	1,072,600	2,800	1,075,400
Malt Beverage Tax.....	26,000	0	26,000
Liquor Tax.....	295,800	-500	295,300
Total — Consumption Taxes.....	\$ 10,182,500	\$ -31,564	\$ 10,150,936
Other Taxes			
Personal Income Tax.....	\$ 10,999,600	\$ -184,700	\$ 10,814,900
Realty Transfer Tax.....	291,400	-33,000	258,400
Inheritance Tax.....	838,100	-12,700	825,400
Table Games.....	87,500	4,500	92,000
Minor and Repealed Taxes.....	8,700	0	8,700
Total — Other Taxes.....	\$ 12,225,300	\$ -225,900	\$ 11,999,400
TOTAL TAX REVENUE.....	\$ 27,332,700	\$ -697,864	\$ 26,634,836
NONTAX REVENUE			
State Stores Fund Transfer.....	\$ 80,000	\$ 0	\$ 80,000
Licenses Fees and Miscellaneous:			
Licenses and Fees.....	139,500	-1,417	138,083
Miscellaneous.....	225,536	-16,819	208,717
Fines, Penalties and Interest:			
On Taxes.....	17,000	-3,000	14,000
Other.....	46,100	200	46,300
TOTAL NONTAX REVENUES.....	\$ 508,136	\$ -21,036	\$ 487,100
GENERAL FUND TOTAL.....	\$ 27,840,836	\$ -718,900	\$ 27,121,936

General Fund Revenue Sources

This section provides a brief description of the tax and non-tax State revenue sources for the General Fund. For more complete information refer to the *Pennsylvania Tax Compendium* prepared by the Department of Revenue.

Corporate Net Income Tax

Tax Base: This tax is paid by all domestic and foreign business corporations for the privilege of doing business, carrying on activities, or employing or owning capital or property in Pennsylvania and is levied on Federal taxable income with Pennsylvania modifications. When the entire business of any corporation is not transacted within Pennsylvania, taxable income usually is determined by a three factor apportionment formula, where the sales factor is given a weight of 90 percent for tax year 2010 and beyond.

Tax Rates:	January 1, 1995 and thereafter	9.99%
	January 1, 1994 to December 31, 1994	11.99%
	January 1, 1991 to December 31, 1993	12.25%
	January 1, 1987 to December 31, 1990	8.50%
	January 1, 1985 to December 31, 1986	9.50%
	January 1, 1977 to December 31, 1984	10.50%

Reference: Purdon's Title 72 P.S. §7401—§7412.

Capital Stock and Franchise Taxes

Tax Base: The taxes are levied on the capital stock value of domestic and foreign corporations doing business or having property or capital employed in the State on that portion of the capital stock value apportionable to Pennsylvania under a statutory formula. The first \$160,000 of capital stock value is exempt.

Tax Rates:

January 1, 2012 through December 31, 2012....	1.89 mills (including \$40 million transfer to the Hazardous Sites Cleanup Fund). Rate continues to decline by one mill per year until the tax is eliminated on January 1, 2014.
January 1, 2009 through December 31, 2011....	2.89 mills (including \$40 million transfer to the Hazardous Sites Cleanup Fund).
January 1, 2008 through December 31, 2008....	2.89 mills.
January 1, 2007 through December 31, 2007....	3.89 mills
January 1, 2006 through December 31, 2006....	4.89 mills
January 1, 2005 through December 31, 2005....	5.99 mills
January 1, 2004 through December 31, 2004....	6.99 mills
January 1, 2002 through December 31, 2003....	7.24 mills
January 1, 2001 through December 31, 2001....	7.49 mills (including 0.25 mill for transfer semiannually to the Hazardous Sites Cleanup Fund referred to as the HSCF).
January 1, 2000 through December 31, 2000....	8.99 mills (including 0.25 mill for transfer semiannually to HSCF).
January 1, 1999 to December 31, 1999.....	10.99 mills (including 0.25 mill for transfer semiannually to HSCF).
January 1, 1998 to December 31, 1998.....	11 mills plus a 0.99 mill surtax (including 0.5 mill for transfer semiannually to HSCF).
January 1, 1992 to December 31, 1997.....	11 mills plus a 1.75 mill surtax (including 0.5 mill for transfer semiannually to HSCF).
January 1, 1991 to December 31, 1991.....	11 mills plus a 2 mill surtax (including 0.5 mill for transfer semiannually to HSCF and 0.25 mill for transfer semiannually to the State Lottery Fund).
January 1, 1988 to December 31, 1990.....	9.5 mills (including 0.5 mill for transfer semiannually to HSCF).
January 1, 1987 to December 31, 1987.....	9 mills.
Prior to January 1, 1987.....	10 mills.

Gross Receipts Tax

Tax Base: This tax is levied on the gross receipts from business transacted within Pennsylvania by specified companies owned, operated or leased by corporations, associations or individuals. Beginning January 1, 2004, interstate and cellular telecommunications services are subject to the gross receipts tax. An exemption from the gross receipts tax for the resale of telecommunication services became effective January 1, 2000. Gross receipts of regulated gas companies from the sale of natural and artificial gas were exempted from the tax effective January 1, 2000. The tax on motor transportation companies was repealed effective January 1, 1998. In fiscal year 1998-99 through fiscal year 2002-03, 0.18 percent of total electric gross receipts was transferred to the Public Transportation Assistance Fund. Beginning with fiscal year 1993-94, 0.25 mill is transferred to the Alternative Fuels Incentive Grant Fund. The revenues shown for the General Fund are net of these transfers. This transfer is to be eliminated effective for 2012-13 and after.

Tax Rates:	July 1, 1991 to Current.....	45 mills plus a 5 mill surtax (electric utilities pay 44 mills or a rate as adjusted by the revenue neutral reconciliation rate, which was permanently set at 15 mills for 2003 and thereafter). Beginning in 2004, an additional surcharge may apply in the event refunds for Public Utility Realty Tax Appeals exceed \$5 million in the prior fiscal year.
	January 1, 1988 to June 30, 1991.....	44 mills.
	Prior to January 1, 1988.....	45 mills.

Reference: Purdon's Title 72 P.S. §8101—§8102; 72 P.S. §2183—§2194.

Public Utility Realty Tax

Tax Base: This tax is levied on the State taxable value of the property owned by utilities furnishing utility service and regulated by the Pennsylvania Public Utility Commission or similar regulatory body. The State taxable value is defined as the current market value of utility realty. Effective January 1, 2000, electric generation assets became subject to local real estate tax and were excluded from the Public Utility Realty Tax base.

Tax Rate: The tax rate is set each year upon determination by the Department of Revenue of the required distribution of the realty tax equivalent to local tax authorities. Revenue from an additional 7.6 mills is deposited in the General Fund. For tax year 2004 and thereafter, the Department of Revenue calculates a Gross Receipts Tax surcharge in the event that refunds for Public Utility Realty Tax appeals exceed \$5 million in the prior fiscal year. No surcharge was required for tax year 2006. The surcharge for tax year 2007 was 1.2 mills and the surcharge for tax year 2008 was 2.8 mills. There was no surcharge for tax years 2009 or 2010. The surcharge for tax year 2011 was 1.6mills. There is no surcharge for tax year 2012.

Reference: Purdon's Title 72 P.S. §8101-A—§8109-A.

Insurance Premiums Tax

Tax Base: This tax is levied on the gross premiums from all business transacted within the Commonwealth during each calendar year by domestic and foreign insurance companies.

Tax Rates: The rate is 2 percent of gross premiums plus a retaliatory tax where applicable. Marine insurance companies pay a 5 percent tax on underwriting profits attributable to Pennsylvania in lieu of the gross premiums tax. A tax of 3 percent is imposed on policies written with surplus lines agents or other nonadmitted insurers.

Reference: Purdon's Title 72 P.S. §7901—§7906.

Financial Institutions Taxes

Tax Base: This category includes taxes levied on the taxable amount of the capital stock of banks, trust and domestic title insurance companies, and on the taxable net income of mutual thrift institutions.

Tax Rates: Since calendar year 1990 the tax rate for the Bank and Trust Company Shares Tax and Title Insurance Shares Tax has been 1.25 percent. For calendar year 1989 the rate was 10.77 percent. Before January 1, 1989, the rate for both taxes was 1.075 percent on the value of capital stock shares. The Mutual Thrift Institution Tax rate is 20 percent for tax years 1987 through 1990, 12.5 percent for tax year 1991 and 11.5 percent thereafter.

Reference: Purdon's Title 72 P.S. §7701—§7702. Bank and Trust Company Shares Tax
 Purdon's Title 72 P.S. §8501—§8505. Mutual Thrift Institution Tax
 Purdon's Title 72 P.S. §7801—§7806. Title Insurance Companies Shares Tax

Other Selective Business Taxes

Tax Base: Other selective business taxes include: State Personal Property Tax Act, Act of June 22, 1935, P.L. 414 as amended; Electric Cooperative Law of 1990, 15 Pa.C.S.A. §7301 et seq.; and Agricultural Cooperative Associations Corporate Tax, Act of May 23, 1945, P.L. 893.

Tax Rates: The Loans Tax rate is 4 mills on each dollar of taxable indebtedness. Electric cooperative corporations annually pay a fee of \$10 for each 100 members. The rate for the Agricultural Cooperative Associations Corporate Tax is 4 percent on net income.

Reference: Purdon's Title 72 P.S. §3242—§3250-15. State Personal Property Tax
Purdon's Title 72 P.S. §3420-21—§3420-28. Agricultural Cooperative Associations
15 Pa.C.S.A. §7333 – Electric Cooperative Law Tax

Sales and Use Tax

Tax Base: The tax is levied on the sale at retail, including rental, of tangible personal property and certain services, or upon the use within Pennsylvania of tangible personal property, or taxable services purchased at retail if the tax was not paid at time of purchase. A tax on the occupancy of hotel rooms is imposed as part of the sales and use tax law. A transfer of 0.947 percent of revenues from this tax is deposited in the Public Transportation Assistance Fund. Beginning in fiscal year 2007-08, 4.4 percent of receipts are transferred annually to the Public Transportation Trust Fund. The revenues shown for the General Fund are net of these transfers.

Tax Rate: A bracket system based on 6 percent of purchase price for Sales and Use Tax and 6 percent of rent for Hotel Occupancy Tax. The current tax rate was enacted in 1968.

Reference: Purdon's Title 72 P.S. §7201 et seq.

Cigarette Tax

Tax Base: The tax is imposed and assessed on the sale or possession of cigarettes and little cigars weighing less than 4 pounds per 1,000 sticks within Pennsylvania. Only one sale of the cigarette is taxable.

Tax Rates: The rate is 8.00 cents per cigarette. Beginning in January 2004, 18.52 percent of cigarette tax receipts is transferred to the Health Care Provider Retention Account. This transfer was eliminated beginning November 2009. Beginning in fiscal year 2002-03, fixed annual amounts of \$30.73 million and \$20.485 million of Cigarette Tax receipts are transferred to the Children's Health Insurance Program (CHIP) and the Agricultural Conservation Easement Purchase (ACEP) Fund, respectively. The revenues shown for the General Fund are net of these transfers. The transfer to the ACEP fund is to be eliminated for 2012-13 and after.

Reference: Purdon's Title 72 P.S. §8201 et seq.

Malt Beverage Tax

Tax Base: The tax is levied on the manufacture, sale and use of malt or brewed beverage within the Commonwealth by manufacturers, distributors and importers.

Tax Rates: The tax rate is two-thirds of a cent ($2/3\text{¢}$) per half pint of 8 fluid ounces or fraction thereof, and in larger quantities at the rate of one cent (1¢) per pint or 6 fluid ounces or fraction thereof.

Reference: Purdon's Title 72 P.S. §9001 et seq.

Liquor Tax

Tax Base: All liquor sold by the Pennsylvania Liquor Control Board.

Tax Rate: The rate is 18 percent of the net retail purchase price. The net retail purchase price includes the wholesale cost of the product, plus mark-up, handling charge and federal tax.

Reference: Purdon's Title 47 P.S. §794—§796.

Personal Income Tax

Tax Base: The tax is paid by all residents, resident trusts and estates on eight separate classes of income: (1) compensation, (2) net profits, (3) interest, (4) dividends, (5) income from the disposition of property, (6) rents and royalties, (7) gambling and lottery winnings (except Pennsylvania Lottery winnings won after July 20, 1983), and (8) income from estates and trusts. The tax is also paid by non-resident individuals, estates and trusts on the following income from sources within the Commonwealth: compensation for personal services performed in Pennsylvania unless the taxpayer is a resident of a state with which there is a reciprocal agreement; net profits from activity conducted in Pennsylvania; income from the rental, ownership or disposition of any real or personal property; and income from gambling activity in Pennsylvania except prizes of the Pennsylvania State Lottery. A loss in one class of income may not be offset against income in another class, nor may gains or losses be carried back or forward from year to year. A credit is available to those individuals receiving tax forgiveness under the special provisions for poverty. Beginning in 1999, a qualified single individual with eligibility income of \$6,500 or less would receive 100 percent tax forgiveness. The eligibility income limit for each qualifying dependent of a claimant for tax forgiveness under the special tax provisions for poverty is \$9,500 beginning in 2004. The amount of forgiveness declines by 10 percent for each \$250 of income.

Tax Rates: For calendar and fiscal year filers whose year begins in the following periods:

2004 and thereafter	3.07%
1993 to 2003	2.80%
1992	2.95%
1991	2.60%
1987 to 1990	2.10%
1986	2.16%
1985	2.35%

Reference: Purdon's Title 72 P.S. §7301 et seq.

Realty Transfer Tax

Tax Base: The tax is levied on the value of the real estate transferred by a deed, instrument or other writing. Other taxable transfers include long-term leases greater than thirty years, transfers of real estate from industrial development authorities that will not be used primarily for industrial purposes, and "deemed" transfers of real estate because of the acquisition of companies which are in the business of holding or selling real estate. Beginning in July 1994, 15 percent of the revenues are transferred to the Keystone Recreation, Park and Conservation Fund. The transfer rate was reduced to 10 percent of revenues from January 2002 through June 2002, and to 7.5 percent from July 2002 through June 2003. The transfer rate returned to 15 percent for July 2003 through June 2006. The rate reduced to 2.1 percent for July 2006 through June 2007, and returned to 15 percent for July 2007 and thereafter. The revenues shown for the General Fund are net of this transfer.

Tax Rate: Rate of 1 percent of the value of the property transferred.

Reference: Purdon's Title 72 P.S. §8101-C—§8113-C.

Inheritance and Estate Taxes

Tax Base: The Inheritance Tax is imposed on the value of property transferred to beneficiaries of a deceased person and certain transfers made during the decedent's lifetime. The value of the transfer is established on the date of the decedent's death. The Estate Tax is levied when the Federal estate tax credit for State death taxes exceeds a decedent's Inheritance Tax liability. The Federal estate tax credit was phased out between 2002 and 2005; the credit is to be fully reinstated in 2013 under current law.

Tax Rates: Rates are based on the relationship of the decedent and the beneficiary. Transfers of non-jointly held property to spouses are taxed at a rate of 0 percent. Transfers to parents of decedents 21 years of age or younger are taxed at a rate of 0 percent (effective July 1, 2000). Transfers to lineal beneficiaries are taxed at 4.5 percent (effective July 1, 2000). Transfers to siblings of the decedents are subject to a 12 percent tax rate (effective July 1, 2000). Transfers to all other beneficiaries are taxed at 15 percent. The Estate Tax equals the Federal credit for State death taxes, less the Inheritance Tax paid.

Reference: Purdon's Title 72 P.S. §9101 et seq.

Table Game Taxes

Tax Base: These taxes are imposed on gross table game revenue of licensed gaming entities. Gross table game revenue is defined as total cash or cash equivalents received in the playing of table games, contest or tournament fees or payments, and total amount of rakes collected minus cash or cash equivalents paid out, paid to purchase annuities to fund prizes, and paid for personal property distributed to patrons as a result of playing a table game. The revenue from these taxes is deposited to the General Fund until such time as, on the last day of the fiscal year, the balance in the Budget Stabilization Reserve Fund is certified by the Secretary of the Budget to exceed \$750,000,000. Thereafter, the funds from these taxes are deposited to the Property Tax Relief Fund.

Tax Rates: 14 percent of gross table game revenue for 2 years following commencement of table game operations at the facility; 12 percent thereafter. In addition to the above percentages, 34 percent of gross table game revenue from table games played on fully automated electronic gaming tables.

Reference: Purdon's Title 4 P.S. § 13A62.

Minor and Repealed Taxes

Minor Taxes Include: Tax on Legal Documents, Act of April 6, 1830, P.L. 272 (Purdon's Title 72 P.S. §3171) and excess Vehicle Rental Tax, Act of June 16, 1994, P.L. 279 (Purdon's Title 72 P.S. §8601-A). The Spirituous and Vinous Liquors Tax, Acts of December 5, 1933, P.L. 38 (Special Session) and December 22, 1933, P.L. 91 (Special Session) (Purdon's Title 47 P.S. §745) was repealed effective July 1, 2001.

State Stores Fund Transfer

The State Stores Fund Transfer is an amount determined by the Liquor Control Board to be available for transfer to the General Fund to be used for general appropriation purposes as provided by Act No. 412-½ of July 18, 1935, P.L. 1316 (Purdon's Title 47 P.S. §744-907b).

Licenses, Fees and Miscellaneous Revenue

Licenses and fees include collections by Commonwealth agencies that are not specifically required by law to be placed in special funds to support a specific purpose. Although amounts obtained from an individual class of license very often are sufficient only to cover regulatory costs, any additional money is available for general purposes. Many licenses and fees are required by laws designed to protect the public from indiscriminate and unsafe practices.

Miscellaneous revenues include all other income to be used for general appropriation purposes in the General Fund, except monies which are given to the Commonwealth by individuals, or are provided by law to be deposited in the Judicial Computer System Augmentation Account in accordance with Act 1988-79 (Purdon's Title 42 Pa.C.S.A. §3733). Any fines, fees or costs which are allocated to counties and municipalities are not affected by this act.

Fines, Penalties and Interest

This revenue source includes penalties and interest collected in the enforcement of corporation taxes.

Also included are fines and penalties not required by law to be placed into a special fund for a specific purpose. Most of these fines and penalties collected by the various departments are an integral part of enforcement of the laws providing for licenses and fees.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimated	2012-13 Budget
TAX REVENUE			
Corporate Net Income Tax	\$ 2,131,451	\$ 1,891,500	\$ 2,087,300
Capital Stock and Franchise Taxes			
Capital Stock Taxes — Domestic.....	\$ 236,627	\$ 209,800	\$ 138,425
Franchise Taxes — Foreign.....	582,736	516,800	340,975
SUBTOTAL.....	\$ 819,363	\$ 726,600	\$ 479,400
Gross Receipts Tax			
Electric, Hydroelectric and Water Power.....	\$ 779,765	\$ 747,400	\$ 1,076,100
Motor Transportation.....	14	0	0
Telephone and Telegraph.....	441,970	394,100	418,100
Transportation.....	3,414	3,500	3,500
SUBTOTAL.....	\$ 1,225,163	\$ 1,145,000	\$ 1,497,700
Public Utility Realty Tax	\$ 34,434	\$ 34,700	\$ 35,000
Insurance Premiums Tax			
Domestic Casualty.....	\$ 95,238	\$ 95,800	\$ 98,800
Domestic Fire.....	22,085	22,200	22,900
Domestic Life and Previously Exempted Lines.....	63,514	63,900	65,900
Excess Insurance Brokers.....	21,999	22,100	22,800
Foreign Excess Casualty.....	5,744	5,800	6,000
Foreign Excess Fire.....	1,536	1,500	1,600
Foreign Life.....	204,062	205,300	211,700
Marine.....	415	400	400
Title Insurance.....	5,022	5,100	5,200
Unauthorized Insurance.....	8,978	9,200	9,300
SUBTOTAL.....	\$ 428,594	\$ 431,300	\$ 444,600
Financial Institutions Taxes			
Federal Mutual Thrift Institutions.....	\$ 2,808	\$ 2,800	\$ 2,800
National Banks.....	158,016	160,500	166,000
State Banks.....	48,127	48,900	50,500
State Mutual Thrift Institutions.....	8,300	8,300	8,300
Trust Companies.....	20,381	20,700	21,400
SUBTOTAL.....	\$ 237,631	\$ 241,200	\$ 249,000
Other Selective Business Taxes			
Corporate Loans — Domestic.....	\$ 11,304	\$ 10,400	\$ 10,900
Corporate Loans — Foreign.....	1,920	1,800	1,900
Miscellaneous Business Taxes.....	322	300	300
Corporation Taxes — Clearing Accounts Undistributed.....	1,845	1,700	1,800
SUBTOTAL.....	\$ 15,391	\$ 14,200	\$ 14,900
Sales and Use Tax			
Motor Vehicle.....	\$ 1,062,863	\$ 1,150,400	\$ 1,213,600
Non-Motor Vehicle.....	7,527,354	7,603,836	7,887,800
SUBTOTAL.....	\$ 8,590,217	\$ 8,754,236	\$ 9,101,400
Cigarette Tax	\$ 1,075,366	\$ 1,075,400	\$ 1,096,985
Malt Beverage Tax	\$ 25,923	\$ 26,000	\$ 26,000
Liquor Tax	\$ 281,746	\$ 295,300	\$ 309,500

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimated	2012-13 Budget
Personal Income Tax			
Non-Withholding.....	\$ 2,422,251	\$ 2,529,800	\$ 2,697,100
Withholding.....	8,013,455	8,285,100	8,629,300
SUBTOTAL.....	\$ 10,435,706	\$ 10,814,900	\$ 11,326,400
Realty Transfer Tax.....	\$ 279,151	\$ 258,400	\$ 260,600
Inheritance Tax			
Nonresident Inheritance and Estate Tax.....	\$ 6,011	\$ 6,200	\$ 6,300
Resident Inheritance and Estate Tax.....	799,203	819,200	846,300
SUBTOTAL.....	\$ 805,214	\$ 825,400	\$ 852,600
Table Games.....	\$ 68,663	\$ 92,000	\$ 86,500
Minor and Repealed Taxes			
Spiruous and Vinous Liquors Tax.....	\$ -5	\$ 0	\$ 0
Unallocated EFT Payments.....	-345	-500	-500
Excess Vehicle Rental Tax.....	7,736	10,200	10,200
Payments of Intergrated Taxes (KITS).....	-3,236	-4,300	-4,300
Tax on Writs, Wills and Deeds.....	1,715	2,300	2,300
Clearing of Wage Garnishment Collections.....	744	1,000	1,000
SUBTOTAL.....	\$ 6,607	\$ 8,700	\$ 8,700
TOTAL TAX REVENUE.....	\$ 26,460,621	\$ 26,634,836	\$ 27,876,585
NONTAX REVENUES			
State Stores Fund Transfer.....	\$ 105,000	\$ 80,000	\$ 80,000
Licenses, Fees and Miscellaneous			
Governor's Offices			
MISCELLANEOUS REVENUE			
Right To Know.....	\$ *	\$ 0	\$ 0
SUBTOTAL.....	\$ 0	\$ 0	\$ 0
Executive Offices			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 613	\$ 613	\$ 613
Interest Transferred to Employee Benefits.....	-1,368	-1,368	-1,368
Access to Justice Account.....	-2	-2	-2
Right To Know.....	*	1	1
Refunds Of Expenditures Not Credited To Appropriations.....	1	1	1
SUBTOTAL.....	\$ -756	\$ -755	\$ -755
Lieutenant Governor's Office			
LICENSES AND FEES			
Board Of Pardons Fees.....	\$ 18	\$ 17	\$ 17
Board Of Pardons — Filing Fees.....	13	13	13
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ *	\$ *	\$ *
SUBTOTAL.....	\$ 31	\$ 30	\$ 30
Auditor General			
LICENSES AND FEES			
Filing Fees — Board of Arbitration of Claims.....	\$ 1	\$ 2	\$ 2
SUBTOTAL.....	\$ 1	\$ 2	\$ 2

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimated	2012-13 Budget
Attorney General			
MISCELLANEOUS REVENUE			
Assessed Civil Penalties Payments.....	\$ 182	\$ 221	\$ 221
Miscellaneous Interest Offset for Appropriation 611.....	-75	-113	-113
Miscellaneous.....	4	4	4
Refunds Of Expenditures Not Credited To Appropriations.....	2	18	18
Home Improvement Contractor Fee.....	1,590	216	216
SUBTOTAL.....	\$ 1,703	\$ 346	\$ 346
Treasury Department			
MISCELLANEOUS REVENUE			
Allocation Of Treasury Costs.....	\$ 3,541	\$ 0	\$ 3,542
Contra Account Audit Service fees.....	0	-1	0
Depository Adjustments.....	-4	4	-4
Dividend Income Reinvested - Long Term.....	829	795	829
Interest Transferred to Asbestos/Lead Account.....	0	-47	0
Interest Transferred to Hodge Trust Fund.....	-1	*	-1
Interest on Average Collected Balance - WIC Program.....	3	3	3
Interest On Deposits.....	181	138	182
Interest On Securities — Liquor License Fund.....	5	6	5
Interest On Securities.....	26,894	16,600	9,765
Miscellaneous.....	69	0	69
Redeposit Of Checks.....	3,517	2,620	3,517
Unclaimed Property — Recovery Fees w/h for Audit Service.....	-15	0	0
Unclaimed Property — Contra Acct Paypal Fees.....	-18	-10	0
Unclaimed Property — Contra Acct Other Holder Fees.....	-10	0	0
Unclaimed Property — Claim Payments.....	-86,837	-100,000	-90,000
Unclaimed Property — Financial Institution Deposits.....	32,903	136,285	140,981
Unclaimed Property — Other Holder Deposits.....	160,832	47,999	32,000
SUBTOTAL.....	\$ 141,889	\$ 104,392	\$ 100,888
Department of Agriculture			
LICENSES AND FEES			
Abattoir Licenses.....	\$ 6	\$ *	\$ *
Approved Inspectors Certificate And Registration Fees.....	2	3	3
Domestic Animal Dealers' Licenses.....	53	50	50
Eating & Drinking Licenses.....	1,629	2,000	2,100
Egg Certification Fees.....	11	12	12
Egg Opening Licenses.....	0	0	0
Farm Products Inspection Fees.....	21	57	57
Garbage Feeders Licenses.....	*	*	*
Ice Cream Licenses.....	145	107	107
Lab Directors' Exam Fees.....	*	1	1
Livestock Branding Fees.....	*	*	*
Miscellaneous Licenses And Fees.....	9	15	16
Poultry Technician Licenses.....	5	4	4
Pub Weighmasters (Under Act 155).....	198	201	201
Registration Fee — Food Establishment.....	609	243	245
Rendering Plant Licenses.....	7	5	5
Veterinarian Diagnostic Laboratory Fees.....	733	0	0
MISCELLANEOUS REVENUE			
Interest Earnings Contra BA 68.....	\$ -26	\$ 7	\$ 7
Miscellaneous.....	-12	6	7
Refunds Of Expenditures Not Credited To Appropriations.....	*	*	*
Right to Know.....	1	1	1
Sale of Surplus Products.....	0	0	0
SUBTOTAL.....	\$ 3,391	\$ 2,712	\$ 2,816

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimated	2012-13 Budget
Department of Community and Economic Development			
LICENSES AND FEES			
Municipal Indebtedness Fees.....	\$ 258	\$ 260	\$ 270
MISCELLANEOUS REVENUE			
Interest From Grantees.....	\$ *	\$ 1	\$ 1
Miscellaneous.....	931	940	950
General Principal Repayments.....	23	23	25
General Interest on Loans.....	1	2	2
HRA/EDS Principal Repayments.....	177	180	185
HRA/EDS Interest on Loans.....	7	10	10
ID/BID Principal Repayments.....	571	575	575
ID/BID Interest on Loans.....	219	220	225
Refunds of Expenditures Not Credited to Appropriations.....	43	45	50
SUBTOTAL.....	<u>\$ 2,230</u>	<u>\$ 2,256</u>	<u>\$ 2,293</u>
Department of Conservation and Natural Resources			
MISCELLANEOUS REVENUE			
Camp Leases.....	\$ 728	\$ 940	\$ 940
Ground Rents.....	9	16	16
Housing Rents.....	25	24	24
Minerals Sales.....	2	2	2
Miscellaneous.....	4	3	3
Sale of DEP Water Kits.....	2	2	2
Parks Consignment Sales.....	*	0	0
Refunds Of Expenditures Not Credited To Appropriations.....	*	1	1
Rights-Of-Way.....	989	980	980
Water Leases.....	22	23	23
SUBTOTAL.....	<u>\$ 1,781</u>	<u>\$ 1,991</u>	<u>\$ 1,991</u>
Department of Corrections			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 19	\$ 0	\$ 0
Refunds Of Expenditures Not Credited To Appropriations.....	9	0	0
Telephone Commissions.....	7,170	7,242	7,314
SUBTOTAL.....	<u>\$ 7,198</u>	<u>\$ 7,242</u>	<u>\$ 7,314</u>
Department of Education			
LICENSES AND FEES			
Fees For GED Transcripts.....	\$ 60	\$ 60	\$ 60
Fees For Licensing Private Schools.....	173	180	180
PDE Fees Transcripts — Closed Private Schools.....	*	*	*
Private Academic School Teacher Certification Fees.....	43	43	43
Fees For Licensing Private Driver Training Schools.....	90	90	95
Secondary Education Evaluation Fees.....	8	8	8
Teacher Certification Fees.....	3,714	3,700	3,700
Fingerprint and FBI Background Check Fees.....	126	129	129
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 3,026	\$ 0	\$ 0
Right to Know.....	*	0	0
Refunds of Expenditures Not Credited to Appropriations.....	*	0	0
SUBTOTAL.....	<u>\$ 7,240</u>	<u>\$ 4,210</u>	<u>\$ 4,215</u>
Emergency Management Agency			
MISCELLANEOUS REVENUE			
Interest Earnings Contra BA 31.....	\$ -4	\$ *	\$ *
Refunds of Expenditures Not Credited to Appropriations.....	-1	0	0
SUBTOTAL.....	<u>\$ -5</u>	<u>\$ 0</u>	<u>\$ 0</u>

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimated	2012-13 Budget
Department of Environmental Protection			
LICENSES AND FEES			
Blasters' Examination and Licensing Fees.....	\$ 55	\$ 25	\$ 25
Dams and Encroachment Fees.....	235	237	237
Explosives Storage Permit Fees.....	71	71	71
Government Financed Costs Contracts.....	99	99	99
Hazardous Waste Facility Annual Permit Administration Fees.....	40	40	40
Hazardous Waste Facility Permit Application Fees.....	76	76	76
Hazardous Waste Storage-Disposal Fac-Fee.....	29	30	30
Hazardous Waste Transporter License and Fees.....	46	45	45
Infectious and Chemical Waste Transport Fees.....	13	13	13
Municipal Waste Annual Permit Administration Fees.....	233	235	235
Municipal Waste Permit Application Fees.....	144	146	146
Residual Waste Closure Administration Fees.....	0	7	7
Residual Waste Permit Administration Fees.....	222	224	224
Residual Waste Permit Application/Modification Fees.....	128	77	77
Sewage Permit Fees.....	178	179	179
Submerged Land Fees.....	57	57	57
Water Bacteriological Examination Fees.....	31	31	31
Water Power and Supply Permit Fees.....	93	74	74
MISCELLANEOUS REVENUE			
Ground Rentals.....	\$ 10	\$ 10	\$ 10
Miscellaneous.....	17	17	17
Payment To Occupy Submerged Lands.....	360	360	360
Refunds of Expenditures Not Credited to Appropriations.....	*	0	0
Rights-of-Way.....	18	19	19
Royalties for Recovery Of Materials — Schuylkill River.....	98	98	98
SUBTOTAL.....	\$ 2,253	\$ 2,170	\$ 2,170
Department of General Services			
MISCELLANEOUS REVENUE			
Allocation Of Purchasing Costs Job 7.....	\$ 2,110	\$ 2,044	\$ 2,095
Miscellaneous.....	*	4	4
Real Estate Services.....	164	168	172
Rebates to be Distributed.....	268	87	87
Refunds of Expenditures Not Credited to Appropriations.....	-1	1	1
Rental Of State Property.....	131	100	100
Right To Know.....	3	3	3
Sale Of State Property.....	18,637	5,000	5,000
Sale Of Unserviceable Property.....	0	267	285
Sale Of Property Escrow.....	-3	3	3
Reading State Office Building.....	251	257	263
Scranton State Office Building.....	933	956	980
SUBTOTAL.....	\$ 22,493	\$ 8,890	\$ 8,993
Department of Health			
LICENSES AND FEES			
Bathing Place Program — Application Fees.....	\$ 1	\$ 1	\$ 1
Cre Certification Fees.....	23	21	21
Home Care Agency Licensure Fees.....	76	85	85
Hospice Licensing Fees.....	26	26	26
Immunization Service Fees.....	36	28	28
Miscellaneous Licensure Fees.....	164	180	198
Nursing Home Licenses.....	278	292	292
Pediatric Extended Care Licensing Fees.....	3	3	3
Profit Making Hospital Licenses.....	211	239	239
Organized Camps Program Fees.....	3	4	4
Registration Fees — Hearing Aid Act.....	107	108	108
Registration Fees — Drugs Devices and Cosmetics Act.....	447	448	449
Vital Statistics Fees.....	5,265	5,304	5,304
Wholesale Prescription Drug Distribution Licenses.....	75	78	78

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimated	2012-13 Budget
MISCELLANEOUS REVENUE			
Interest Transferred to Share Loan Program.....	\$ -1	\$ 0	\$ 0
Miscellaneous.....	44	55	55
Right to Know.....	1	1	1
Refunds of Expenditures Not Credited to Appropriations.....	*	-1	-1
SUBTOTAL.....	<u>\$ 6,759</u>	<u>\$ 6,872</u>	<u>\$ 6,891</u>
Historical and Museum Commission			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 0	\$ *	\$ *
Refunds of Expenditures Not Credited to Appropriations.....	*	5	5
SUBTOTAL.....	<u>\$ 0</u>	<u>\$ 5</u>	<u>\$ 5</u>
Insurance Department			
LICENSES AND FEES			
Agents' Licenses.....	\$ 27,916	\$ 27,500	\$ 27,500
Brokers' Licenses.....	8,582	8,900	8,900
Division of Companies Certification — Certificates and Filing Fees.....	2,045	2,000	2,000
Examination Fees and Expenses.....	1,765	2,600	2,600
Market Conduct Examination Fees.....	622	1,000	1,000
Miscellaneous Fees.....	551	550	550
Valuation of Policies Fees.....	4,850	3,750	3,750
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 43	\$ 5	\$ 5
Refunds of Expenditures Not Credited to Appropriations.....	2	2	2
SUBTOTAL.....	<u>\$ 46,376</u>	<u>\$ 46,307</u>	<u>\$ 46,307</u>
Department of Labor and Industry			
LICENSES AND FEES			
Accessibility.....	\$ 48	\$ 47	\$ 47
Approval of Building Plan Fees.....	547	475	475
Approval of Elevator Plan Fees.....	514	514	514
Bedding And Upholstery Fees.....	678	650	650
Boiler Inspection Fees.....	4,000	3,200	3,200
Boiler Plan Fees.....	47	47	47
Elevator Inspection Fees.....	1,381	1,381	1,381
Employment Agency Licenses.....	23	23	23
Employment Agents' Registration Fees.....	3	3	3
Flammable Liquids Storage Fees.....	39	39	39
Industrial Board.....	68	68	68
Liquefied Petroleum Gas Plan Fees.....	61	61	61
Liquefied Petroleum Gas Registration Fees.....	330	330	330
Stuffed Toys Manufacturers' Registration Fees.....	69	69	69
UCC Certifications.....	61	62	58
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 6	\$ 6	\$ 6
Refunds of Expenditures Not Credited to Appropriations.....	1	5	5
SUBTOTAL.....	<u>\$ 7,876</u>	<u>\$ 6,980</u>	<u>\$ 6,976</u>
Department of Military and Veterans Affairs			
MISCELLANEOUS REVENUE			
Refunds of Expenditures Not Credited to Appropriations.....	\$ 0	\$ 1	\$ 1
Right To know.....	0	*	*
SUBTOTAL.....	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ 1</u>
Board of Probation and Parole			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 7	\$ 0	\$ 0
Refunds of Expenditures Not Credited to Appropriations.....	*	0	0
SUBTOTAL.....	<u>\$ 7</u>	<u>\$ 0</u>	<u>\$ 0</u>

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimated	2012-13 Budget
Department of Public Welfare			
LICENSES AND FEES			
Private Mental Hospital Licenses.....	\$ 49	\$ 49	\$ 49
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 10,007	7	6
Refunds of Expenditures Not Credited to Appropriations.....	9	9	3
Telephone Commissions.....	0	0	0
SUBTOTAL.....	\$ 10,065	\$ 65	\$ 58
Department of Revenue			
LICENSES AND FEES			
Certification And Copy Fees.....	\$ 28	\$ 30	\$ 30
Cigarette Permit Fees.....	438	410	380
Domestic Violence and Rape Crisis Program Fee.....	1,523	1,450	1,390
Autho Fees/ Act 2010.....	0	15,000	0
MISCELLANEOUS REVENUE			
Exempt Collections Per Act 1992-67.....	\$ 18,413	18,980	19,570
District Justice Costs.....	7,517	7,631	7,631
Miscellaneous.....	2,261	135	135
Distribution Due Absentee.....	220	100	100
Conscience Money.....	2	1	1
Table License Fees Man S.....	375	300	300
Right to Know.....	1	0	0
Refunds of Expenditures Not Credited to Appropriations.....	22	3	3
SUBTOTAL.....	\$ 30,800	\$ 44,040	\$ 29,540
Securities Commission			
LICENSES AND FEES			
Associated Persons — Initial.....	\$ 95	\$ 116	\$ 122
Associated Persons — Renewal.....	416	436	458
Associated Persons — Transfer.....	*	2	4
Brokers, Dealers Registration Fees — Initial.....	56	56	60
Brokers, Dealers Registration Fees — Renewal.....	795	805	845
Costs — Examination, Auditing, Investigation, Prosecution — Except Takeover Costs.....	0	1	1
Investment Advisors' Filing Fees — Initial.....	27	62	69
Investment Advisors' Filing Fees — Renewal.....	188	190	228
Investment Advisors' — Notice Filings Initial.....	70	70	74
Investment Advisors' — Notice Filings Renewal.....	590	595	588
Mutual Funds — Increase in Amount of Filing.....	667	850	850
Mutual Funds — Initial Filing.....	647	50	50
Mutual Funds — Renewal Filing.....	2,996	3,500	3,500
506 RD Filings.....	1,060	1,150	1,150
Section 203 (D) — Initial Filing.....	4	8	8
Section 203 (I) (O) (II) — Initial Filing.....	0	*	*
Section 203(P) — Initial Filing.....	0	*	*
Section 203(S) — Initial Filing.....	2	5	5
Section 203(T) — Filing.....	0	7	7
Section 205 — Security Registration and Amendment Fees.....	36	50	50
Section 206 — Increase in Amount of Filing.....	0	1	1
Section 206 — Qualification Filing — Initial.....	123	160	160
Securities Agents' Filing Fees — Initial.....	3,406	3,574	3,752
Securities Agents' Filing Fees — Renewal.....	12,930	13,576	14,255
Securities Agents' Filing Fees — Transfer.....	162	178	180
Takeover Disclosure Filing Fees + Sct Iv Rgtrn.....	*	6	6
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ *	\$ 0	\$ 0
Refund of Expenditures not Credited to Approp.....	0	0	0
SUBTOTAL.....	\$ 24,270	\$ 25,448	\$ 26,423

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimated	2012-13 Budget
Department of State			
LICENSES AND FEES			
Charities Bureau Registration Fees.....	\$ 2,288	\$ 2,100	\$ 2,100
Commission and Filing Fees — Bureau Of Elections.....	742	24	50
Commission and Filing Fees — Corporation Bureau.....	24,513	23,691	24,165
Commission Fees.....	0	0	0
Notary Public Commission Fees.....	925	929	940
MISCELLANEOUS REVENUE			
Prof. & Occupational Affairs Credit Card Transfers.....	\$ -1,978	\$ 0	\$ 0
Interest Transferred to HAVA Program.....	-96	0	0
Refunds of Expenditures Not Credited to Appropriations.....	*	1	1
Right To Know.....	1	1	1
SUBTOTAL.....	<u>\$ 26,395</u>	<u>\$ 26,746</u>	<u>\$ 27,257</u>
State Police			
MISCELLANEOUS REVENUE			
Act 64 - Contra Miscellaneous Revenue	\$ -24	\$ 0	\$ 0
Miscellaneous.....	1,260	175	175
Reimbursement For Lost Property.....	2	1	1
Refunds of Expenditures Not Credited to Appropriations.....	19	300	300
SUBTOTAL.....	<u>\$ 1,257</u>	<u>\$ 476</u>	<u>\$ 476</u>
Department of Transportation			
MISCELLANEOUS REVENUE			
Miscellaneous.....	\$ 5	\$ 5	\$ 5
SUBTOTAL.....	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 5</u>
Other			
MISCELLANEOUS REVENUE			
Payments in Lieu of Taxes — SWIF.....	\$ 3,355	\$ 3,000	\$ 3,000
State Ethics Commission - Refunds Not Credited to Approp.....	-2	1	1
State Ethics Commission - Lobbying Act 134-206.....	47	50	75
Supreme Court.....	123	82	82
Transfers From Special Funds.....	569,034	53,236	97,781
SUBTOTAL.....	<u>\$ 572,557</u>	<u>\$ 56,369</u>	<u>\$ 100,939</u>
Total Licenses, Fees and Miscellaneous.....	<u>\$ 915,862</u>	<u>\$ 346,800</u>	<u>\$ 375,181</u>
Fines, Penalties and Interest on Taxes			
Corporation Net Income Tax.....	\$ 6,540	\$ 7,300	\$ 8,900
Interest on Excise Taxes — Corporations (Department of Revenue).....	5,268	5,900	7,100
Penalties on Excise Taxes — Corporations.....	732	800	1,000
SUBTOTAL.....	<u>\$ 12,540</u>	<u>\$ 14,000</u>	<u>\$ 17,000</u>

* Less than \$500.

General Fund Revenue Detail

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimated	2012-13 Budget
Other Fines and Penalties			
Department of Agriculture			
Amusement Rides and Attractions — Fines.....	\$ 0	\$ 1	\$ 1
General Food Fines.....	9	3	4
Harness Racing Fines and Penalties.....	190	148	150
Horse Racing Fines and Penalties.....	219	158	160
Miscellaneous Fines.....	3	3	3
Civil Penalties - Food Establishments.....	3	4	5
Seasonal Farm Laborers Fines & Penalties.....	0	1	1
Weights & Measures Division - Fines.....	0	1	1
Department of Conservation and Natural Resources			
Miscellaneous Fines.....	*	0	0
Ethics Commission			
Violations-Act 1978-170.....	61	75	75
Gaming Control Board			
Miscellaneous Fines and Penalties.....	930	561	505
Department of Health			
Non-Compliance Fines And Penalties.....	70	35	35
Department of Insurance			
Miscellaneous Fines.....	1,376	1,000	1,000
Surcharge Moving Vehicles Violations.....	0	44,000	44,000
Department of Labor and Industry			
Minor Labor Law Fines.....	*	*	*
Miscellaneous Fines.....	51	50	50
Public Utility Commission			
Violation Of Order Fines.....	244	250	300
Department of Revenue			
Malt Liquor Fines and Penalties.....	26	10	10
State Gaming Tax Penalties.....	11	0	0
SUBTOTAL.....	\$ 3,193	\$ 46,300	\$ 46,300
Total Fines, Penalties and Interest.....	\$ 15,733	\$ 60,300	\$ 63,300
TOTAL NONTAX REVENUES.....	\$ 1,036,596	\$ 487,100	\$ 518,481
TOTAL GENERAL FUND REVENUES.....	\$ 27,497,217	\$ 27,121,936	\$ 28,395,066

* Less than \$500.

General Fund Revenue Summary

Revenue History

This table shows six years of actual General Fund revenues available for general appropriation. This data does not include special restricted receipts, receipts augmenting appropriations or federal funds.

	(Dollar Amounts in Thousands)					
	2005-06 Actual	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual
TAX REVENUE						
Corporation Taxes						
Corporate Net Income Tax.....	\$ 2,301,968	\$ 2,492,482	\$ 2,417,657	\$ 1,979,889	\$ 1,790,963	\$ 2,131,451
Capital Stock and Franchise Taxes..	1,080,874	999,954	1,019,942	787,704	761,188	819,363
Selective Business:						
Gross Receipts Tax.....	1,150,987	1,293,311	1,348,878	1,376,796	1,286,669	1,225,163
Public Utility Realty Tax.....	40,209	47,518	44,689	41,867	39,549	34,434
Insurance Premiums Tax.....	390,371	412,490	418,229	431,535	459,528	428,594
Financial Institutions Tax.....	204,657	213,645	191,839	198,505	222,802	237,631
Other Selective Business Taxes....	21,039	16,893	16,435	17,994	18,508	15,391
Total — Corporation Taxes.....	\$ 5,190,105	\$ 5,476,294	\$ 5,457,669	\$ 4,834,292	\$ 4,579,207	\$ 4,892,028
Consumption Taxes						
Sales and Use Tax.....	\$ 8,334,249	\$ 8,590,769	\$ 8,496,554	\$ 8,135,508	\$ 8,029,170	\$ 8,590,217
Cigarette Tax.....	792,124	778,582	784,055	754,159	976,056	1,075,366
Malt Beverage Tax.....	26,158	25,171	26,289	25,970	26,587	25,923
Liquor Tax.....	223,036	239,494	251,138	266,540	271,015	281,746
Total — Consumption Taxes.....	\$ 9,375,567	\$ 9,634,016	\$ 9,558,036	\$ 9,182,177	\$ 9,302,828	\$ 9,973,252
Other Taxes						
Personal Income Tax.....	\$ 9,524,139	\$ 10,261,619	\$ 10,907,741	\$ 10,198,646	\$ 9,968,733	\$ 10,435,706
Realty Transfer Tax.....	552,450	570,994	429,540	294,464	296,033	279,151
Inheritance Tax.....	745,245	756,553	828,628	772,165	753,778	805,214
Table Games.....	0	0	0	0	0	68,663
Minor and Repealed Taxes.....	-17,366	-15,461	111,569	12,819	9,349	6,607
Total — Other Taxes.....	\$ 10,804,468	\$ 11,573,705	\$ 12,277,478	\$ 11,278,094	\$ 11,027,893	\$ 11,595,341
TOTAL TAX REVENUE.....	\$ 25,370,140	\$ 26,684,015	\$ 27,293,183	\$ 25,294,564	\$ 24,909,929	\$ 26,460,621
NONTAX REVENUE						
State Stores Fund Transfer.....	\$ 80,000	\$ 150,000	\$ 80,000	\$ 125,000	\$ 105,000	\$ 105,000
Licenses, Fees and Miscellaneous:						
Licenses and Fees.....	115,836	119,587	122,422	120,715	284,002	125,420
Miscellaneous.....	252,798	454,037	383,904	-30,556	2,322,688	790,442
Fines, Penalties and Interest:						
On Taxes.....	32,584	38,287	36,753	17,242	24,018	12,540
Other.....	2,938	3,410	11,799	2,839	2,525	3,193
TOTAL NONTAX REVENUES.....	\$ 484,156	\$ 765,321	\$ 634,878	\$ 235,240	\$ 2,738,233	\$ 1,036,596
GENERAL FUND TOTAL.....	\$ 25,854,296	\$ 27,449,336	\$ 27,928,061	\$ 25,529,804	\$ 27,648,162	\$ 27,497,217

Totals may not add due to rounding.

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MOTOR LICENSE FUND

The Motor License Fund is a special revenue fund composed of monies received from liquid fuels taxes, licenses and fees on motor vehicles, aviation fuel tax revenues, federal aid for highway and aviation purposes, contributions from local subdivisions for highway projects and other miscellaneous highway revenues.

The fund provides for highway and bridge improvement, design, maintenance and purchase of rights-of-way, as well as aviation activities and Department of Transportation licensing and safety activities. It also finances State Police highway patrol operations and pays subsidies to local subdivisions for construction and maintenance of roads.

Financial Statement *

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Beginning Balance.....	\$ 165,145	\$ 317,996	\$ 148,614
Revenue:			
Revenue Receipts.....	\$ 2,521,275	\$ 2,416,380	\$ 2,433,560
Adjustment to Official Estimate.....	0	-7,960	0
Prior Year Lapses.....	34,427	25,992	0
Funds Available	<u>\$ 2,720,847</u>	<u>\$ 2,752,408</u>	<u>\$ 2,582,174</u>
Expenditures:			
Appropriations.....	\$ 2,402,851	\$ 2,615,392	\$ 2,507,921
Less Current Year Lapses.....	0	-11,598	0
Estimated Expenditures.....	\$ -2,402,851	\$ -2,603,794	\$ -2,507,921
Ending Balance	<u>\$ 317,996</u>	<u>\$ 148,614</u>	<u>\$ 74,253</u>

* Excludes restricted revenue.

Summary by Department

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Estimate	2012-13 Budget
Executive Offices			
General Government			
Statewide Public Safety Radio System.....	\$ 14,762	\$ 14,878	\$ 14,878
Commonwealth Technology Services.....	2,386	2,555	2,336
DEPARTMENT TOTAL.....	<u>\$ 17,148</u>	<u>\$ 17,433</u>	<u>\$ 17,214</u>
Treasury Department			
General Government			
Administration of Refunding Liquid Fuels Tax.....	\$ 547	\$ 557	\$ 557
Refunding Liquid Fuels Taxes — Agricultural (EA).....	3,800	3,800	3,200
Refunding Liquid Fuels Taxes — State Share (EA).....	3,000	1,000	1,000
Refunding Liquid Fuels Taxes — Political Subdivisions (EA).....	1,000	3,000	2,500
Refunding Liquid Fuels Taxes — Volunteer Services (EA).....	400	400	400
Refunding Liquid Fuels Taxes — Snowmobiles and ATV's (EA).....	1,000	1,000	1,000
Refunding Liquid Fuels Taxes — Boat Fund (EA).....	2,300	2,300	2,300
Replacement Checks (EA).....	100	100	100
Subtotal.....	<u>\$ 12,147</u>	<u>\$ 12,157</u>	<u>\$ 11,057</u>
Debt Service Requirements			
Capital Debt — Transportation Projects.....	\$ 11,379	\$ 10,510	\$ 4,322
General Obligation Debt Service.....	13,569	14,800	14,800
Loan and Transfer Agent.....	50	50	50
Subtotal.....	<u>\$ 24,998</u>	<u>\$ 25,360</u>	<u>\$ 19,172</u>
TOTAL STATE FUNDS	<u><u>\$ 37,145</u></u>	<u><u>\$ 37,517</u></u>	<u><u>\$ 30,229</u></u>
Restricted Revenue.....	\$ 34,388	\$ 47,685	\$ 40,889
DEPARTMENT TOTAL.....	<u>\$ 71,533</u>	<u>\$ 85,202</u>	<u>\$ 71,118</u>
Department of Agriculture			
Weights and Measures.....	\$ 3,975	\$ 4,328	\$ 4,328
DEPARTMENT TOTAL.....	<u>\$ 3,975</u>	<u>\$ 4,328</u>	<u>\$ 4,328</u>
Department of Conservation and Natural Resources			
Dirt and Gravel Roads.....	\$ 1,000	\$ 1,000	\$ 1,000
TOTAL STATE FUNDS	<u><u>\$ 1,000</u></u>	<u><u>\$ 1,000</u></u>	<u><u>\$ 1,000</u></u>
Restricted Revenue.....	\$ 7,000	\$ 3,000	\$ 3,000
DEPARTMENT TOTAL.....	<u>\$ 8,000</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>
Department of Education			
Grants and Subsidies			
Safe Driving Course.....	\$ 1,103	\$ 1,103	\$ 1,103
DEPARTMENT TOTAL.....	<u>\$ 1,103</u>	<u>\$ 1,103</u>	<u>\$ 1,103</u>
Department of Environmental Protection			
Dirt and Gravel Roads.....	\$ 4,000	\$ 4,000	\$ 4,000
DEPARTMENT TOTAL.....	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 4,000</u>

Summary by Department (continued)

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Estimate	2012-13 Budget
Department of General Services			
Tort Claims Payments.....	\$ 12,500	\$ 12,500	\$ 12,500
Harristown Rental Charges (EA).....	89	92	88
Harristown Utility and Municipal Charges (EA).....	190	193	189
DEPARTMENT TOTAL.....	<u>\$ 12,779</u>	<u>\$ 12,785</u>	<u>\$ 12,777</u>
Department of Revenue			
General Government			
Collections — Liquid Fuels Tax.....	\$ 14,003	\$ 15,218	\$ 16,068
Refunding Liquid Fuels Tax (EA).....	11,000	11,000	11,000
TOTAL STATE FUNDS	<u>\$ 25,003</u>	<u>\$ 26,218</u>	<u>\$ 27,068</u>
Federal Funds.....	\$ 0	\$ 250	\$ 0
DEPARTMENT TOTAL.....	<u>\$ 25,003</u>	<u>\$ 26,468</u>	<u>\$ 27,068</u>
State Police			
General Government			
General Government Operations.....	\$ 483,939	\$ 524,619	\$ 529,813
Law Enforcement Information Technology.....	19,444	19,503	19,116
Municipal Police Training.....	1,082	1,081	1,039
Patrol Vehicles.....	11,000	11,000	11,000
Automated Fingerprint Identification System	90	87	85
Commercial Vehicle Inspection.....	8,127	8,770	8,770
TOTAL STATE FUNDS	<u>\$ 523,682</u>	<u>\$ 565,060</u>	<u>\$ 569,823</u>
Augmentations.....	\$ 554	\$ 0	\$ 0
DEPARTMENT TOTAL.....	<u>\$ 524,236</u>	<u>\$ 565,060</u>	<u>\$ 569,823</u>
Department of Transportation			
General Government			
General Government Operations.....	\$ 50,460	\$ 52,456	\$ 53,764
Welcome Centers.....	3,064	3,158	3,309
Highway and Safety Improvements.....	102,885	110,000	110,000
Expanded Highway and Bridge Program.....	165,000	165,000	165,000
Highway Capital Projects (EA).....	205,000	215,000	220,000
Highway Maintenance.....	799,147	867,000 a	810,000
Secondary Roads — Maintenance & Resurfacing (EA).....	61,040	63,797	64,181
Disaster Recovery.....	0	58,000 b	0
Reinvestment — Facilities.....	12,000	16,000	12,000
Safety Administration and Licensing.....	115,820	125,109	131,402
Refunding Collected Monies (EA).....	2,500	2,500	2,500
Subtotal.....	<u>\$ 1,516,916</u>	<u>\$ 1,678,020</u>	<u>\$ 1,572,156</u>

Summary by Department (continued)

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Estimate	2012-13 Budget
Grants and Subsidies			
Local Road Maintenance and Construction Payments.....	\$ 192,100	\$ 199,928	\$ 200,223
Municipal Roads and Bridges.....	30,000	30,000	30,000
Maintenance and Construction of County Bridges.....	5,000	5,000	5,000
Supplemental Local Road Maintenance and Construction Payments.....	5,000	5,000	5,000
Payment to Turnpike Commission (EA).....	28,000	28,000	28,000
Subtotal.....	\$ 260,100	\$ 267,928	\$ 268,223
<i>SUBTOTAL STATE FUNDS</i>	\$ 1,777,016	\$ 1,945,948	\$ 1,840,379
Federal Funds.....	\$ 1,402,877	\$ 1,656,941	\$ 1,474,656
Augmentations.....	223,622	269,843	69,843
Restricted Revenue.....	827,714	857,694	850,666
DEPARTMENT TOTAL.....	\$ 4,231,229	\$ 4,730,426	\$ 4,235,544
Fund Summary			
State Funds — Transportation.....	\$ 1,777,016	\$ 1,945,948	\$ 1,840,379
State Funds — Other Departments.....	625,835	669,444	667,542
<i>TOTAL STATE FUNDS</i>	\$ 2,402,851	\$ 2,615,392	\$ 2,507,921
Motor License Fund Total—All Funds			
State Funds.....	\$ 2,402,851	\$ 2,615,392	\$ 2,507,921
Federal Funds.....	1,402,877	1,657,191	1,474,656
Augmentations.....	224,176	269,843	69,843
Restricted Revenue.....	869,102	908,379	894,555
FUND TOTAL.....	\$ 4,899,006	\$ 5,450,805	\$ 4,946,975

^a Includes recommended appropriation reduction of \$23,000,000.

^b Includes recommended supplemental appropriation of \$58,000,000.

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2010-11 Actual	2011-12 Estimated	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Liquid Fuels Taxes.....	\$ 1,218,635	\$ 1,227,380	\$ 1,233,520	\$ 1,240,860	\$ 1,249,460	\$ 1,259,320	\$ 1,270,470
Motor Licenses and Fees.....	891,552	898,280	914,090	944,380	950,420	955,350	965,160
Other Motor License Fund Revenues.....	411,088	282,760	285,950	289,440	293,260	297,430	301,990
TOTAL MOTOR LICENSE FUND REVENUES.....	\$ 2,521,275	\$ 2,408,420	\$ 2,433,560	\$ 2,474,680	\$ 2,493,140	\$ 2,512,100	\$ 2,537,620
Aviation Restricted Revenues.....	\$ 9,507	\$ 7,550	\$ 8,290	\$ 8,320	\$ 8,350	\$ 8,390	\$ 8,430
Highway Bridge Improvement Restricted Revenues.....	\$ 103,551	\$ 104,600	\$ 104,804	\$ 105,120	\$ 105,540	\$ 106,070	\$ 106,720
State Highway Transfer Restricted Revenues.....	\$ 23,949	\$ 23,940	\$ 24,060	\$ 24,200	\$ 24,370	\$ 24,570	\$ 24,790
Oil Company Franchise Tax Restricted Revenues.....	\$ 439,060	\$ 438,860	\$ 441,060	\$ 443,700	\$ 446,810	\$ 450,390	\$ 454,440
Supplemental Maintenance Restricted Revenues.....	\$ 307,342	\$ 307,210	\$ 308,740	\$ 310,590	\$ 312,770	\$ 315,270	\$ 318,110

Adjustments to 2011-12 Revenue Estimate

On June 30, 2011 an official estimate for the 2011-12 fiscal year of \$2,416,380,000 was certified. The revised estimate detailed below reflects actual revenue collections through the first six months of the fiscal year and expected collections for the balance of the fiscal year.

	2011-12 Official Estimate	Adjustments	2011-12 Revised Estimate
Liquid Fuels Taxes.....	\$ 1,227,520	\$ -140	\$ 1,227,380
Motor Licenses and Fees.....	906,980	-8,700	898,280
Other Motor License Fund Revenues.....	281,880	880	282,760
TOTAL.....	\$ 2,416,380	\$ -7,960	\$ 2,408,420

Revenue Sources

Liquid Fuels Taxes

	Actual		Estimated
2005-06.....	\$ 1,226,094	2011-12.....	\$ 1,227,380
2006-07.....	1,255,361	2012-13.....	1,233,520
2007-08.....	1,236,469	2013-14.....	1,240,860
2008-09.....	1,163,233	2014-15.....	1,249,460
2009-10.....	1,183,922	2015-16.....	1,259,320
2010-11.....	1,218,635	2016-17.....	1,270,470

Tax Base and Rates:

Liquid Fuels and Fuels Tax: The Liquid Fuels and Fuels Tax is based on the number of gallons of liquid fuels (primarily gasoline) and fuels (primarily diesel) used, sold or delivered within the commonwealth by distributors. All monies collected are placed in the Motor License Fund, except discounts and an amount equal to one-half cent per gallon which is placed in the Liquid Fuels Tax Fund. The present tax rate is 12 cents per gallon. Prior to October 1, 1997, liquid fuels and fuels were taxed separately under the Liquid Fuels Tax Act and the Fuels Use Tax Act respectively. Both acts were repealed effective October 1, 1997.

Alternative Fuels Tax: The Alternative Fuels Tax became effective October 1, 1997, and is imposed on fuels other than liquid fuels or fuels used to propel motor vehicles on public highways. The tax rate applied to each gasoline gallon equivalent of alternative fuel equals the current total of the liquid fuels and fuels tax and the oil company franchise tax applicable to one gallon of gasoline.

Motor Carriers Road Tax-International Fuel Tax Agreement: The Motor Carriers Road Tax is levied on motor carriers operating vehicles with a gross weight or registered gross weight in excess of 26,000 pounds. The tax is comprised of a 12 cents per gallon tax and an oil company franchise tax element based upon 153.5 mills of the average wholesale price for liquid fuels and 208.5 mills of the average wholesale price for fuels and is imposed on a cents-per-gallon equivalent basis. Previously, the tax rate was 115 mills. Prior to October 1, 1997, an additional tax of 6 cents per gallon was collected through the motor carriers road tax. This tax was repealed and replaced by a 55 mill addition to the oil company franchise tax rate, imposed on fuels effective October 1, 1997. The 55 mill portion of the tax rate is dedicated to the highway bridge restricted account. Credit against the tax is given for liquid fuels and fuels tax and oil company franchise tax paid at the pump or directly remitted. Credit is also given for tax paid on motor fuels purchased in Pennsylvania but consumed elsewhere.

The Motorbus Road Tax which imposed taxes on the amount of motor fuel used by bus companies in their operations on highways within the commonwealth was repealed, effective January 1, 1996, with the enactment of the International Fuel Tax Agreement (IFTA).

Identification markers are required to be issued annually upon a payment of \$5 per vehicle for each vehicle subject to these taxes based in the commonwealth.

International Fuel Tax Agreement (IFTA). Effective January 1, 1996, Pennsylvania implemented IFTA. Under this agreement, qualified vehicles are subject to base state reporting and payment of fuel tax obligations. Qualified vehicles are those with two axles greater than 26,000 pounds, combinations greater than 26,000 pounds and those with three or more axles regardless of weight. Therefore, 17,001 to 26,000 pound vehicles, which previously were subject to the Motor Carriers Road Tax, are not subject under IFTA. Additionally, the Motorbus Road Tax was repealed and a bus meeting the qualified vehicle definition is subject to IFTA provisions. Identification markers remain at \$5 per qualified vehicle. The underlying fuel tax rates are unaffected by IFTA.

Oil Company Franchise Tax. This tax is an excise tax on all fuels taxed pursuant to the Liquid Fuels and Fuels Tax and the Alternative Fuels Tax. The current tax rate is 153.5 mills for liquid fuels and alternative fuels and 208.5 mills for fuels and is imposed on a cents-per-gallon equivalent basis. The tax rate was increased by 38.5 mills effective May 1, 1997. The revenues from this rate increase are dedicated to specific highway maintenance purposes. Of the current tax rate, 57 mills is deposited as unrestricted Motor License Fund revenues. The balance of the tax rate represents revenues restricted to certain highway activities. These dedicated and restricted taxes are not included in the above estimates. Bus companies are entitled to a refund equal to 55 mills of the Oil Company Franchise Tax paid on fuels.

Revenue Sources (continued)

Motor Licenses and Fees

Actual		Estimated	
2005-06.....	\$ 877,813	2011-12.....	\$ 898,280
2006-07.....	870,038	2012-13.....	914,090
2007-08.....	872,063	2013-14.....	944,380
2008-09.....	883,846	2014-15.....	950,420
2009-10.....	857,666	2015-16.....	955,350
2010-11.....	891,552	2016-17.....	965,160

The commonwealth receives revenue from the collection of fees levied for the registration and titling of motor vehicles and for the issuance of learners' permits, operators' licenses, certificates of title and transfers of registration. Various motor vehicle registration fees were increased as of either July 1, 1997, or January 1, 1998, by Act 3 of 1997.

Other Motor License Fund Revenues

Actual		Estimated	
2005-06.....	\$ 161,985	2011-12.....	\$ 282,760
2006-07.....	165,377	2012-13.....	285,950
2007-08.....	559,399	2013-14.....	289,440
2008-09.....	509,665	2014-15.....	293,260
2009-10.....	599,478	2015-16.....	297,430
2010-11.....	411,088	2016-17.....	301,990

Other Motor License Fund revenues include the following sources:

Fines — Aeronautics fines collected under the Liquid Fuels and Fuels Tax Act and certain Vehicle Code fines.

Miscellaneous Revenue — Interest on Motor License Fund deposits; investments and securities, the sale of unserviceable properties, maps, plans, inspection stickers; and the rental of state properties.

Gross Receipts Tax — This excise tax imposed upon the gross receipts of owners and operators of motor vehicles transporting property for hire on public highways was repealed effective January 1, 1998.

Beginning in July 1987, the total of all fines, fees and costs collected by any division of the Unified Judicial System which is in excess of the amount collected from such sources in 1986-87 is to be deposited in the Judicial Computer System Augmentation Account in accordance with Act 64 of 1987. Any fines, fees or costs which are allocated by law to counties and municipalities are not affected by this act.

In addition, the Motor License Fund receives payments from the Pennsylvania Turnpike Commission in accordance with Act 44 of 2007.

Revenue Detail

The following is a detailed list of all revenues available for Motor License Fund appropriations. Restricted receipts and revenues for the aviation, highway bridge improvement, state highway turnback programs and the Oil Company Franchise Tax restricted account are not included in these amounts.

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimate	2012-13 Budget
LIQUID FUELS TAXES			
Liquid Fuels Tax			
Liquid Fuels Tax.....	\$ 567,381	\$ 575,770	\$ 578,650
Liquid Fuels Tax Interest.....	58	60	60
Liquid Fuels Tax Penalties.....	593	600	600
Subtotal.....	<u>\$ 568,033</u>	<u>\$ 576,430</u>	<u>\$ 579,310</u>
Fuel Use Tax			
Fuel Use Tax.....	\$ 151,968	\$ 152,170	\$ 152,930
Fuel Use Tax Interest.....	0	0	0
Fuel Use Tax Penalties.....	0	0	0
Subtotal.....	<u>\$ 151,968</u>	<u>\$ 152,170</u>	<u>\$ 152,930</u>
Alternative Fuel Tax			
Alternative Fuel Tax.....	\$ 554	\$ 620	\$ 620
Alternative Fuel Tax Penalties and Interest.....	0	0	0
Subtotal.....	<u>\$ 554</u>	<u>\$ 620</u>	<u>\$ 620</u>
Motor Carriers Road Tax — International Fuel Tax Agreement			
Motor Carriers Road/IFTA — Fuels Tax.....	\$ 42,158	\$ 42,380	\$ 42,600
Motor Carriers Road/IFTA — Registration Fees,			
Special Permit Fees and Fines.....	963	960	960
Subtotal.....	<u>\$ 43,121</u>	<u>\$ 43,340</u>	<u>\$ 43,560</u>
Oil Company Franchise Tax.....	\$ 454,959	\$ 454,820	\$ 457,100
TOTAL LIQUID FUELS TAXES.....	<u>\$ 1,218,635</u>	<u>\$ 1,227,380</u>	<u>\$ 1,233,520</u>
MOTOR LICENSES AND FEES			
Operators' Licenses.....	\$ 61,477	\$ 62,740	\$ 62,590
Other Fees Collected by Bureau of Motor Vehicles.....	28,949	26,660	25,320
Registration Fees Received from Other States/IRP.....	85,390	89,930	90,510
Special Hauling Permit Fees.....	23,385	25,760	25,590
Vehicle Registration and Titling.....	692,351	693,190	710,080
TOTAL MOTOR LICENSES AND FEES.....	<u>\$ 891,552</u>	<u>\$ 898,280</u>	<u>\$ 914,090</u>
OTHER MOTOR LICENSE FUND REVENUES			
Gross Receipts Tax.....	\$ 142	\$ 0	\$ 0
Fines and Penalties			
Department of Revenue			
Vehicle Code Fines.....	\$ 25,598	\$ 24,870	\$ 24,870
Department of Transportation			
Vehicle Code Fines.....	5,316	5,170	5,170
Subtotal.....	<u>\$ 30,914</u>	<u>\$ 30,040</u>	<u>\$ 30,040</u>

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2010-11 <u>Actual</u>	2011-12 <u>Estimate</u>	2012-13 <u>Budget</u>
Miscellaneous Revenues			
Treasury Department			
Interest Income Reinvested - Long Term.....	\$ 189	\$ 40	\$ 40
Interest on Securities.....	158,430	29,900	32,870
Interest on Securities - Liquid Fuels Tax Fund.....	28	10	10
Redeposit of Checks.....	245	50	50
Subtotal.....	<u>\$ 158,892</u>	<u>\$ 30,000</u>	<u>\$ 32,970</u>
Department of General Services			
Sale of Unserviceable Property.....	\$ 1,394	\$ 1,400	\$ 1,410
Subtotal.....	<u>\$ 1,394</u>	<u>\$ 1,400</u>	<u>\$ 1,410</u>
Department of Transportation			
Fees for Reclaiming Abandoned Vehicles.....	\$ 31	\$ 30	\$ 30
Highway Bridge Income.....	150	160	160
Highway Encroachment Permits.....	1,177	1,270	1,280
Interest Earned - Restricted Revenue.....	-2,844 ^a	-3,070 ^a	-3,100 ^a
Loan Repayments - Interest.....	0	0	0
Miscellaneous Revenues.....	61	70	70
Recovered Damages.....	55	60	60
Refunds of Expenditures Not Credited to			
Appropriations or Allocations.....	1	0	0
Sale of Bid Proposals and Contract Specifications.....	0	0	0
Sale of Inspection Stickers.....	20,927	22,600	22,830
Sale of Maps and Plans.....	188	200	200
Subtotal.....	<u>\$ 19,746</u>	<u>\$ 21,320</u>	<u>\$ 21,530</u>
Pennsylvania Turnpike			
Annual Payments.....	\$ 200,000	\$ 200,000	\$ 200,000
TOTAL OTHER MOTOR LICENSE FUND REVENUES.....	<u>\$ 411,088</u>	<u>\$ 282,760</u>	<u>\$ 285,950</u>
TOTAL MOTOR LICENSE FUND REVENUES.....	<u>\$ 2,521,275</u>	<u>\$ 2,408,420</u>	<u>\$ 2,433,560</u>

^a Amounts transferred to restricted revenue account.

Restricted Revenues Not Included in Department Total

Aviation Revenues

Actual		Estimated	
2005-06.....	\$ 10,574	2011-12.....	\$ 7,550
2006-07.....	11,748	2012-13.....	8,290
2007-08.....	9,694	2013-14.....	8,320
2008-09.....	7,944	2014-15.....	8,350
2009-10.....	8,038	2015-16.....	8,390
2010-11.....	9,507	2016-17.....	8,430

Aviation revenue includes taxes levied on aviation gasoline and jet fuel, and income earned at state-owned airports. Effective January 2, 1998, in accordance with Act 60 of 1997, ownership of these airports was transferred to a local authority. Therefore, starting with 1997-98, aviation revenues exclude state-owned airport revenue. Aviation gasoline and jet fuel tax rates are adjusted annually based on the change in the jet fuel price index. In accordance with Act 164 of 1984, the aviation gasoline rate is not to exceed 6.0 cents per gallon nor be less than 3.0 cents per gallon. The jet fuel tax is not to exceed 2.0 cents per gallon nor be less than 1.5 cents per gallon. The tax rate as of January 1, 2012, is 5.9 cents per gallon on aviation gasoline and 1.7 cents per gallon on jet fuel. Aviation restricted revenues are not included in Motor License Fund revenue totals.

	2010-11 Actual	2011-12 Estimate	2012-13 Budget
AVIATION REVENUES			
Aviation Liquid Fuels Tax.....	\$ 6,664	\$ 7,260	\$ 7,970
Interest.....	2,843	290	320
TOTAL AVIATION REVENUES.....	\$ 9,507	\$ 7,550	\$ 8,290

Highway Bridge Improvement Revenues

Actual		Estimated	
2005-06.....	\$ 115,339	2011-12.....	\$ 104,600
2006-07.....	118,025	2012-13.....	104,804
2007-08.....	109,171	2013-14.....	105,120
2008-09.....	103,723	2014-15.....	105,540
2009-10.....	98,255	2015-16.....	106,070
2010-11.....	103,551	2016-17.....	106,720

Highway bridge improvement revenues enacted by Act 56 of 1987, as amended by Act 3 of 1997, include the following: a 55 mill Oil Company Franchise Tax on fuel consumed in Pennsylvania by qualified vehicles; a portion of the registration fee for Pennsylvania based motor vehicles in classes 9-25; and temporary permit fees collected from out-of-state motor carriers for travel in Pennsylvania. Although repealed by Act 3 of 1997, nominal revenues are still received from the motor carrier surcharge.

	2010-11 Actual	2011-12 Estimate	2012-13 Budget
HIGHWAY BRIDGE IMPROVEMENT REVENUES			
Registration Fee Portion-PA-Based Motor Vehicles.....	\$ 11,461	\$ 12,350	\$ 12,100
Temporary Permit Fees.....	394	400	394
Oil Company Franchise Tax.....	91,696	91,850	92,310
TOTAL HIGHWAY BRIDGE REVENUES.....	\$ 103,551	\$ 104,600	\$ 104,804

Restricted Revenues Not Included in Department Total (continued)

State Highway Transfer Revenues

Actual		Estimated	
2005-06.....	\$ 23,433	2011-12.....	\$ 23,940
2006-07.....	24,360	2012-13.....	24,060
2007-08.....	23,555	2013-14.....	24,200
2008-09.....	23,836	2014-15.....	24,370
2009-10.....	23,570	2015-16.....	24,570
2010-11.....	23,949	2016-17.....	24,790

State highway transfer restricted revenues are provided by three mills of the Oil Company Franchise Tax. Act 32 of 1983 established a local highway turnback program funded by a restricted revenue account within the Motor License Fund.

Oil Company Franchise Tax Revenues

Actual		Estimated	
2005-06.....	\$ 429,607	2011-12.....	\$ 438,860
2006-07.....	446,540	2012-13.....	441,060
2007-08.....	431,835	2013-14.....	443,700
2008-09.....	437,007	2014-15.....	446,810
2009-10.....	432,131	2015-16.....	450,390
2010-11.....	439,060	2016-17.....	454,440

Oil Company Franchise Tax Restricted Account revenues are provided by 55 mills of the Oil Company Franchise Tax as a result of Act 26 of 1991. Revenues are restricted to the following purposes: 42 percent for maintenance, 17 percent for capital projects, 13 percent for bridges, 12 percent for municipalities, 14 percent for toll roads and 2 percent for county or forestry bridges.

Supplemental Maintenance Revenues

Actual		Estimated	
2005-06.....	\$ 300,728	2011-12.....	\$ 307,210
2006-07.....	312,580	2012-13.....	308,740
2007-08.....	302,285	2013-14.....	310,590
2008-09.....	305,905	2014-15.....	312,770
2009-10.....	302,492	2015-16.....	315,270
2010-11.....	307,342	2016-17.....	318,110

Supplemental Maintenance Restricted Account revenues are provided by 38.5 mills of the Oil Company Franchise Tax as a result of Act 3 of 1997. Revenues are restricted to the following purposes: 12 percent for municipalities and 88 percent for maintenance.



BANKING AND SECURITIES DEPARTMENT FUND

The Banking and Securities Department Fund is a special revenue fund composed of monies received from fees, assessments, charges and penalties collected or recovered from persons, firms, corporations or associations under the supervision of the Department of Banking and Securities. It provides for the administration of the Department of Banking and Securities and regulation of financial institutions and the securities industry.

The 2012-13 budget proposes to merge the Securities Commission with the Banking Department to form the Department of Banking and Securities.

Banking and Securities Department Fund

Financial Statement

(Dollar Amounts in Thousands)

	2010-11 <u>Actual</u>	2011-12 <u>Available</u>	2012-13 <u>Estimated</u>
Beginning Balance	\$ 8,681	\$ 10,951	\$ 9,886
Receipts:			
Revenue Estimate.....	\$ 20,405	\$ 17,807	\$ 17,833
Prior Year Lapses.....	2,703	2,482	0
Total Receipts.....	<u>\$ 23,108</u>	<u>\$ 20,289</u>	<u>\$ 17,833</u>
Funds Available	<u>\$ 31,789</u>	<u>\$ 31,240</u>	<u>\$ 27,719</u>
Expenditures:			
Appropriated.....	\$ 20,838	\$ 21,354	\$ 21,354
Estimated Expenditures.....	<u>-20,838</u>	<u>-21,354</u>	<u>-21,354</u>
Ending Balance	<u><u>\$ 10,951</u></u>	<u><u>\$ 9,886</u></u>	<u><u>\$ 6,365</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	2010-11 <u>Actual</u>	2011-12 <u>Estimate</u>	2012-13 <u>Budget</u>
Treasury Department			
General Government			
Replacement Checks.....	\$ 5	\$ 5	\$ 5
Banking and Securities Department			
General Government			
General Government Operations.....	\$ 20,833	\$ 21,349	\$ 21,349
TOTAL STATE FUNDS	<u><u>\$ 20,838</u></u>	<u><u>\$ 21,354</u></u>	<u><u>\$ 21,354</u></u>
Augmentations.....	\$ 0	\$ 0	\$ 7,721
FUND TOTAL	<u><u>\$ 20,838</u></u>	<u><u>\$ 21,354</u></u>	<u><u>\$ 29,075</u></u>

Banking and Securities Department Fund

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2010-11 Actual	2011-12 Estimated	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Licenses and Fees.....	\$ 16,902	\$ 16,222	\$ 16,248	\$ 16,248	\$ 16,248	\$ 16,248	\$ 16,248
Fines and Penalties.....	1,834	1,300	1,300	1,300	1,300	1,300	1,300
Miscellaneous.....	1,669	285	285	285	285	285	285
TOTAL BANKING AND SECURITIES DEPARTMENT FUND REVENUES.....	\$ 20,405	\$ 17,807	\$ 17,833	\$ 17,833	\$ 17,833	\$ 17,833	\$ 17,833
Augmentations.....	\$ 0	\$ 0	\$ 7,721	\$ 7,721	\$ 7,721	\$ 7,721	\$ 7,721

Revenue Sources

Licenses and Fees

Actual	Estimated
2005-06..... \$ 15,782	2011-12..... \$ 16,222
2006-07..... 15,843	2012-13..... 16,248
2007-08..... 14,760	2013-14..... 16,248
2008-09..... 15,766	2014-15..... 16,248
2009-10..... 15,831	2015-16..... 16,248
2010-11..... 16,902	2016-17..... 16,248

The commonwealth receives revenue from examination fees based on the actual costs of examining credit unions, savings associations, trust companies, check cashers, consumer discount companies, first mortgage companies, loan correspondents, money transmitters, pawnbrokers and second mortgage companies. Assessment fees, based on total assets, also are charged against all depository institutions (banks, credit unions, savings associations and trust companies). Depository institutions also pay application fees for new charters, branches and mergers. Annual license fees are paid by check cashers, collector-repossessors, consumer discount companies, mortgage companies, installment sellers, loan brokers, money transmitters, pawnbrokers and sales finance companies.

Fines and Penalties

Actual	Estimated
2005-06..... \$ 907	2011-12..... \$ 1,300
2006-07..... 495	2012-13..... 1,300
2007-08..... 659	2013-14..... 1,300
2008-09..... 474	2014-15..... 1,300
2009-10..... 762	2015-16..... 1,300
2010-11..... 1,834	2016-17..... 1,300

The commonwealth receives fines and penalties collected from companies illegally doing business in the commonwealth, as well as from companies that file required financial reports beyond deadlines established by regulation.

Banking and Securities Department Fund

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
2005-06.....	\$ 2,263	2011-12.....	\$ 285
2006-07.....	2,271	2012-13.....	285
2007-08.....	1,648	2013-14.....	285
2008-09.....	285	2014-15.....	285
2009-10.....	-220	2015-16.....	285
2010-11.....	1,669	2016-17.....	285

Miscellaneous revenues are earned interest.

Revenue Detail

The following is a detailed list of all revenues available for Banking and Securities Department Fund appropriations.

(Dollar Amounts in Thousands)

	2010-11 <u>Actual</u>	2011-12 <u>Estimate</u>	2012-13 <u>Budget</u>
Licenses and Fees			
Bank — Application Fees	\$ 201	\$ 61	\$ 63
Savings Associations — Examinations	33	30	31
Savings Associations — Overhead Assessments	35	36	36
Non Depository Examinations.....	1,165	982	982
Credit Unions — Overhead Assessments	935	935	935
Examinations — Credit Union	723	720	738
Examinations — Trust Companies	240	200	205
Overhead Assessments — Trust Companies	73	73	73
Total Assessment Charges — Banks	8,674	8,675	8,675
Licenses — Application Fees	4,496	4,507	4,507
Miscellaneous	327	3	3
TOTAL	<u>\$ 16,902</u>	<u>\$ 16,222</u>	<u>\$ 16,248</u>
Fines and Penalties			
Banking Law — Fines and Penalties	\$ 1,834	\$ 1,300	\$ 1,300
Miscellaneous Revenue			
Interest on Securities.....	\$ 1,669	\$ 285	\$ 285
TOTAL REVENUES	<u>\$ 20,405</u>	<u>\$ 17,807</u>	<u>\$ 17,833</u>



BOAT FUND

The Boat Fund is a special revenue fund composed of monies from license fees, fines, penalties, federal contributions and other sources under the Fish and Boat Law and from liquid fuels taxes transferred from the Motor License and Liquid Fuels Tax Funds. This fund provides for the administration and enforcement of programs relating to boats and boating activities.

Financial Statement

(Dollar Amounts in Thousands)

	2010-11 <u>Actual</u>	2011-12 <u>Available</u>	2012-13 <u>Estimated</u>
Beginning Balance	\$ 17,101	\$ 17,179	\$ 19,743
Receipts:			
Revenue Estimate.....	\$ 13,662	\$ 19,925	\$ 14,557
Prior Year Lapses.....	3,816	4,433	0
Total Receipts.....	<u>\$ 17,478</u>	<u>\$ 24,358</u>	<u>\$ 14,557</u>
Funds Available	<u>\$ 34,579</u>	<u>\$ 41,537</u>	<u>\$ 34,300</u>
Expenditures:			
Appropriated.....	\$ 17,400	\$ 21,794	\$ 18,524
Estimated Expenditures.....	<u>-17,400</u>	<u>-21,794</u>	<u>-18,524</u>
Ending Balance	<u>\$ 17,179</u>	<u>\$ 19,743</u>	<u>\$ 15,776</u>

Summary by Department

(Dollar Amounts in Thousands)

	2010-11 <u>Actual</u>	2011-12 <u>Estimate</u>	2012-13 <u>Budget</u>
Treasury Department			
General Government			
Replacement Checks.....	\$ 5	\$ 5	\$ 5
Fish and Boat Commission			
General Government			
General Operations.....	\$ 13,119	\$ 13,042	\$ 13,042
TOTAL STATE FUNDS	<u>\$ 13,124</u>	<u>\$ 13,047</u>	<u>\$ 13,047</u>
Federal Funds.....	\$ 4,260	\$ 8,729	\$ 5,459
Other Funds.....	16	18	18
FUND TOTAL	<u>\$ 17,400</u>	<u>\$ 21,794</u>	<u>\$ 18,524</u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2010-11 Actual	2011-12 Estimated	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Licenses and Fees.....	\$ 5,980	\$ 6,996	\$ 6,440	\$ 6,440	\$ 6,440	\$ 6,440	\$ 6,440
Fines and Penalties.....	189	250	250	250	250	250	250
Miscellaneous.....	3,217	3,932	2,390	2,390	2,390	2,390	2,390
TOTAL BOAT FUND REVENUES.....	\$ 9,386	\$ 11,178	\$ 9,080	\$ 9,080	\$ 9,080	\$ 9,080	\$ 9,080
Augmentations.....	\$ 4,276	\$ 8,747	\$ 5,477	\$ 5,477	\$ 5,477	\$ 5,477	\$ 5,477
TOTAL BOAT FUND RECEIPTS.....	\$ 13,662	\$ 19,925	\$ 14,557	\$ 14,557	\$ 14,557	\$ 14,557	\$ 14,557

Revenue Sources

Licenses and Fees

Actual	Estimated
2005-06..... \$ 6,958	2011-12..... \$ 6,996
2006-07..... 6,724	2012-13..... 6,440
2007-08..... 6,593	2013-14..... 6,440
2008-09..... 6,898	2014-15..... 6,440
2009-10..... 5,990	2015-16..... 6,440
2010-11..... 5,980	2016-17..... 6,440

The Boat Fund receives revenue from boat registration fees, which were increased with passage of Act 159 of 2004. For motorboats up to 16 feet in length, the annual registration fee is \$26.00. For those between 16 and 20 feet, the fee is \$39.00 per year. The annual fee for motorboats over 20 feet is \$52.00. There is also a voluntary registration fee of \$9.00 per year for all boats not equipped with motors. Other fees, such as duplicate registrations (\$3.00 each) and commercial passenger boat registrations (\$25.00 each), remain unchanged.

Fines and Penalties

Actual	Estimated
2005-06..... \$ 270	2011-12..... \$ 250
2006-07..... 213	2012-13..... 250
2007-08..... 241	2013-14..... 250
2008-09..... 236	2014-15..... 250
2009-10..... 182	2015-16..... 250
2010-11..... 189	2016-17..... 250

The Boat Fund receives fines and penalties for violations of the Motor Boat Law.

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
2005-06.....	\$ 3,650	2011-12.....	\$ 3,932
2006-07.....	3,824	2012-13.....	2,390
2007-08.....	2,896	2013-14.....	2,390
2008-09.....	1,990	2014-15.....	2,390
2009-10.....	1,872	2015-16.....	2,390
2010-11.....	3,217	2016-17.....	2,390

The Boat Fund receives a portion of the Liquid Fuels Tax transferred from the Motor License Fund and the Liquid Fuels Tax Fund for fuel used by motorboats on the waters of the commonwealth. In addition, a small amount of revenue is collected annually from other miscellaneous sources.

Revenue Detail

The following is a detailed list of all Boat Fund revenues available for appropriations and executive authorizations.

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimate	2012-13 Budget
Licenses and Fees			
Motor Boat Registration Fees.....	\$ 5,230	\$ 6,290	\$ 5,734
Boat Mooring Permits — Walnut Creek Access.....	53	50	50
Boating Safety Curriculum Fees.....	228	200	200
Boat Capacity Plate Fees.....	2	6	6
Boat Titling Fees.....	467	450	450
TOTAL.....	\$ 5,980	\$ 6,996	\$ 6,440
Fines and Penalties			
Motor Boat Fines.....	\$ 189	\$ 250	\$ 250
TOTAL.....	\$ 189	\$ 250	\$ 250
Miscellaneous Revenues			
Transfer from Motor License and Liquid Fuels			
Tax Funds.....	\$ 0	\$ 3,212	\$ 1,670
Miscellaneous.....	41	77	77
Interest on Securities.....	3,102	582	582
Sale of Unserviceable Property.....	8	10	10
Sales Tax Agent Fee PFC Share.....	59	40	40
North East Marina.....	7	11	11
TOTAL.....	\$ 3,217	\$ 3,932	\$ 2,390
Augmentations			
Sale of Automobiles.....	\$ 16	\$ 18	\$ 18
U.S. Coast Guard Grant for Boating Safety.....	2,512	4,500	2,404
Boating Infrastructure Grant (BIG).....	0	2,636	1,550
Sport Fish Restoration.....	1,748	1,593	1,455
Clean Vessel Act.....	0	0	50
TOTAL.....	\$ 4,276	\$ 8,747	\$ 5,477
TOTAL RECEIPTS.....	\$ 13,662	\$ 19,925	\$ 14,557



FARM PRODUCTS SHOW FUND

The Farm Products Show Fund is a special revenue fund made up of monies received from the leasing of space to exhibitors and from rental, entry fees and other monies received or collected by the Farm Products Show Commission. It also includes a transfer from the General Fund.

The fund is used for salaries and expenses of the Farm Products Show Commission, for maintenance of the Farm Show Building and for prizes and premiums.

Farm Products Show Fund

Financial Statement

(Dollar Amounts in Thousands)

	2010-11 <u>Actual</u>	2011-12 <u>Available</u>	2012-13 <u>Estimated</u>
Beginning Balance	\$ 114	\$ 306	\$ 439
Receipts:			
Revenue Estimate.....	\$ 6,121	\$ 6,226	\$ 6,405
Transfer from General Fund.....	2,605	2,450	2,450
Prior Year Lapses.....	470	222	0
Total Receipts.....	<u>\$ 9,196</u>	<u>\$ 8,898</u>	<u>\$ 8,855</u>
Funds Available	<u>\$ 9,310</u>	<u>\$ 9,204</u>	<u>\$ 9,294</u>
Expenditures:			
Appropriated.....	\$ 9,004	\$ 8,765	\$ 8,765
Less Current Year Lapses.....	0	0	0
Estimated Expenditures.....	<u>-9,004</u>	<u>-8,765</u>	<u>-8,765</u>
Ending Balance	<u><u>\$ 306</u></u>	<u><u>\$ 439</u></u>	<u><u>\$ 529</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	2010-11 <u>Actual</u>	2011-12 <u>Estimate</u>	2012-13 <u>Budget</u>
Treasury Department			
General Government			
Replacement Checks.....	\$ 5	\$ 5	\$ 5
Department of Agriculture			
General Government			
General Operations.....	\$ 6,394	\$ 6,310	\$ 6,310
TOTAL STATE FUNDS	<u><u>\$ 6,399</u></u>	<u><u>\$ 6,315</u></u>	<u><u>\$ 6,315</u></u>
Augmentations.....	\$ 2,605	\$ 2,450	\$ 2,450
FUND TOTAL	<u><u>\$ 9,004</u></u>	<u><u>\$ 8,765</u></u>	<u><u>\$ 8,765</u></u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2010-11 Actual	2011-12 Estimated	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Licenses and Fees.....	\$ 371	\$ 372	\$ 385	\$ 385	\$ 385	\$ 385	\$ 385
Miscellaneous.....	5,750	5,854	6,020	6,020	6,020	6,020	6,020
TOTAL FARM PRODUCTS SHOW FUND REVENUES.....	\$ 6,121	\$ 6,226	\$ 6,405	\$ 6,405	\$ 6,405	\$ 6,405	\$ 6,405
Augmentations.....	\$ 2,605	\$ 2,450	\$ 2,450	\$ 2,450	\$ 2,450	\$ 2,450	\$ 2,450
TOTAL FARM PRODUCTS SHOW FUND RECEIPTS.....	\$ 8,726	\$ 8,676	\$ 8,855	\$ 8,855	\$ 8,855	\$ 8,855	\$ 8,855

Revenue Sources

Licenses and Fees

Actual	Estimated
2005-06..... \$ 274	2011-12..... \$ 372
2006-07..... 279	2012-13..... 385
2007-08..... 271	2013-14..... 385
2008-09..... 314	2014-15..... 385
2009-10..... 350	2015-16..... 385
2010-11..... 371	2016-17..... 385

The commonwealth receives all competitive exhibitor and commercial exhibitor fees and those fees from departments, boards and commissions of the state government having exhibits at the show.

Miscellaneous Revenues

Actual	Estimated
2005-06..... \$ 5,341	2011-12..... \$ 5,854
2006-07..... 5,597	2012-13..... 6,020
2007-08..... 5,570	2013-14..... 6,020
2008-09..... 5,667	2014-15..... 6,020
2009-10..... 5,499	2015-16..... 6,020
2010-11..... 5,750	2016-17..... 6,020

Miscellaneous revenue is raised through the leasing of the State Farm Show Buildings for exhibitions, conventions or other purposes; collection of service charges, net proceeds and commissions from the sale of exhibits; sale of unserviceable property; collection of interest on securities and deposits; and fees from parking.

Farm Products Show Fund

Revenue Detail

The following is a detailed list of all Farm Products Show Fund revenues available for appropriations and executive authorizations.

(Dollar Amounts in Thousands)

	2010-11 <u>Actual</u>	2011-12 <u>Estimate</u>	2012-13 <u>Budget</u>
Licenses and Fees			
Exhibit Fees — Competitive — Farm Show.....	\$ 54	\$ 55	\$ 57
Exhibit — Commercial.....	<u>317</u>	<u>317</u>	<u>328</u>
TOTAL.....	<u>\$ 371</u>	<u>\$ 372</u>	<u>\$ 385</u>
Miscellaneous Revenue			
Concession Revenue.....	\$ 922	\$ 957	\$ 970
Service Charges.....	494	516	540
Branding / Advertisement.....	43	50	75
Rentals.....	2,452	2,525	2,610
Miscellaneous Revenue.....	143	141	145
Interest on Securities, Deposits, Returned Checks.....	66	8	9
Parking Fees.....	<u>1,630</u>	<u>1,657</u>	<u>1,671</u>
TOTAL.....	<u>\$ 5,750</u>	<u>\$ 5,854</u>	<u>\$ 6,020</u>
Augmentations			
Transfer from General Fund.....	<u>\$ 2,605</u>	<u>\$ 2,450</u>	<u>\$ 2,450</u>
TOTAL.....	<u>\$ 2,605</u>	<u>\$ 2,450</u>	<u>\$ 2,450</u>
TOTAL RECEIPTS.....	<u><u>\$ 8,726</u></u>	<u><u>\$ 8,676</u></u>	<u><u>\$ 8,855</u></u>



FISH FUND

The Fish Fund is a special revenue fund composed of monies from fishing license fees, fines, penalties, federal contributions and other miscellaneous sources. It provides for the administration and enforcement of the fish laws and the protection and propagation of aquatic life.

Financial Statement

(Dollar Amounts in Thousands)

	2010-11 <u>Actual</u>	2011-12 <u>Available</u>	2012-13 <u>Estimated</u>
Beginning Balance	\$ 30,241	\$ 34,151	\$ 38,382
Receipts:			
Revenue Estimate.....	\$ 40,852	\$ 51,139	\$ 37,322
Prior Year Lapses.....	7,274	9,022	0
Total Receipts.....	<u>\$ 48,126</u>	<u>\$ 60,161</u>	<u>\$ 37,322</u>
Funds Available	<u>\$ 78,367</u>	<u>\$ 94,312</u>	<u>\$ 75,704</u>
Expenditures:			
Appropriated.....	\$ 44,216	\$ 55,930	\$ 42,525
Estimated Expenditures.....	<u>-44,216</u>	<u>-55,930</u>	<u>-42,525</u>
Ending Balance	<u>\$ 34,151</u>	<u>\$ 38,382</u>	<u>\$ 33,179</u>

Summary by Department

(Dollar Amounts in Thousands)

	2010-11 <u>Actual</u>	2011-12 <u>Estimate</u>	2012-13 <u>Budget</u>
Treasury Department			
General Government			
Replacement Checks.....	\$ 5	\$ 5	\$ 5
Fish and Boat Commission			
General Government			
General Operations.....	<u>\$ 34,095</u>	<u>\$ 33,749</u>	<u>\$ 33,749</u>
TOTAL STATE FUNDS	<u>\$ 34,100</u>	<u>\$ 33,754</u>	<u>\$ 33,754</u>
Federal Funds.....	\$ 9,348	\$ 10,893	\$ 8,534
Other Funds.....	<u>768</u>	<u>11,283</u>	<u>237</u>
FUND TOTAL	<u>\$ 44,216</u>	<u>\$ 55,930</u>	<u>\$ 42,525</u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2010-11 Actual	2011-12 Estimated	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Licenses and Fees.....	\$ 23,992	\$ 26,158	\$ 25,746	\$ 25,746	\$ 25,746	\$ 25,746	\$ 25,746
Fines and Penalties.....	352	450	450	450	450	450	450
Miscellaneous.....	6,392	2,355	2,355	2,355	2,355	2,355	2,355
TOTAL FISH FUND REVENUES.....	\$ 30,736	\$ 28,963	\$ 28,551	\$ 28,551	\$ 28,551	\$ 28,551	\$ 28,551
Augmentations.....	\$ 10,116	\$ 22,176	\$ 8,771	\$ 7,288	\$ 7,288	\$ 7,288	\$ 7,288
TOTAL FISH FUND RECEIPTS.....	\$ 40,852	\$ 51,139	\$ 37,322	\$ 35,839	\$ 35,839	\$ 35,839	\$ 35,839

Revenue Sources

Licenses and Fees

Actual	Estimated
2005-06..... \$ 24,187	2011-12..... \$ 26,158
2006-07..... 24,197	2012-13..... 25,746
2007-08..... 26,444	2013-14..... 25,746
2008-09..... 26,481	2014-15..... 25,746
2009-10..... 25,522	2015-16..... 25,746
2010-11..... 23,992	2016-17..... 25,746

The commonwealth issues resident fishing licenses to persons between the ages of 16 and 64 if the applicant can prove residency within the commonwealth for 60 days. Through the passage of Act 159 of 2004, the annual resident fees were increased to \$21. The commonwealth also issues annual senior resident fishing licenses to persons 65 years of age and older for a fee of \$10. An individual eligible for a senior resident license can purchase a lifetime license for a fee of \$50. Act 159 of 2004 also increased nonresident fees to \$51 and the tourist fishing license for three-days to \$25 and seven-days to \$33. Persons fishing for trout or salmon are required to buy an \$8.00 stamp in addition to their regular fishing licenses. Other sources of revenue include the annual Lake Erie fishing permit or the special combination trout/salmon/Lake Erie permit.

Fines and Penalties

Actual	Estimated
2005-06..... \$ 446	2011-12..... \$ 450
2006-07..... 448	2012-13..... 450
2007-08..... 470	2013-14..... 450
2008-09..... 460	2014-15..... 450
2009-10..... 414	2015-16..... 450
2010-11..... 352	2016-17..... 450

The commonwealth receives monies in the form of fines and penalties for violation of the Fish Law and the Frog and Terrapin Act.

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
2005-06.....	\$ 3,057	2011-12.....	\$ 2,355
2006-07.....	3,684	2012-13.....	2,355
2007-08.....	3,471	2013-14.....	2,355
2008-09.....	1,132	2014-15.....	2,355
2009-10.....	1,599	2015-16.....	2,355
2010-11.....	6,392	2016-17.....	2,355

The commonwealth receives contributions for restocking of streams principally from persons or businesses that pollute, dam or interfere with fish propagation and survival. Monies are received from the Fish and Boat Commission publication, *Pennsylvania Angler & Boater*, from the sale of unserviceable and confiscated property, from the collection of interest on securities and from other miscellaneous sources.

Revenue Detail

The following is a detailed list of all Fish Fund revenues available for appropriations and executive authorizations.

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimate	2012-13 Budget
Licenses and Fees			
Resident Fishing Licenses.....	\$ 14,575	\$ 16,000	\$ 15,588
Resident Senior Fishing Licenses.....	165	190	190
Nonresident Fishing Licenses.....	1,927	2,100	2,100
Tourist Fishing Licenses - 1 Day.....	123	150	150
Tourist Fishing Licenses - 3 Day.....	596	650	650
Tourist Fishing Licenses - 7 Day.....	224	230	230
Lake Erie Licenses.....	1	1	1
Fishing Lake Licenses.....	16	20	20
Miscellaneous Permits and Fees.....	220	175	175
1 Day Fishing Licenses.....	33	65	65
Resident Charter Boat/Fishing Guide Permit.....	33	30	30
Non-Resident Charter Boat/Fishing Guide Permit.....	19	15	15
PA National Guard Fishing License.....	1	1	1
Senior Lifetime Upgrade.....	46	50	50
Scientific Collector's Permits.....	32	30	30
Lifetime Fishing Licenses - Senior Resident.....	697	720	720
PALS Transaction Fee.....	967	980	980
H.R. Stackhouse Facilities User Fees.....	0	1	1
Trout/Salmon Stamp.....	4,317	4,750	4,750
TOTAL.....	<u>\$ 23,992</u>	<u>\$ 26,158</u>	<u>\$ 25,746</u>
Fines and Penalties			
Fish Law Fines.....	\$ 352	\$ 450	\$ 450
TOTAL.....	<u>\$ 352</u>	<u>\$ 450</u>	<u>\$ 450</u>

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimated	2012-13 Budget
Miscellaneous Revenue			
Sale of Publications.....	\$ 13	\$ 30	\$ 30
Sale of Unserviceable Property.....	13	10	10
Miscellaneous Revenue.....	69	20	20
Interest on Securities and Deposits.....	4,873	986	986
Rental of Fish and Boat Commission Property.....	101	45	45
Income from Sand and Gravel Dredging.....	523	750	750
Sale of Pennsylvania Angler & Boater.....	146	140	140
Sales Tax & Donations Collected.....	26	10	10
Pollution and Stream Disturbance Settlements.....	620	275	275
Sale of Recreational Fishing Promotional Items.....	3	9	9
Royalty Payments.....	1	10	10
Refunds of Expenditures.....	0	50	50
Sale of Patches.....	4	20	20
Sale of Timber.....	0	0	0
TOTAL.....	<u>\$ 6,392</u>	<u>\$ 2,355</u>	<u>\$ 2,355</u>
TOTAL REVENUES.....	<u>\$ 30,736</u>	<u>\$ 28,963</u>	<u>\$ 28,551</u>
Augmentations			
Sale of Automobiles and Other Vehicles.....	\$ 33	\$ 40	\$ 40
Reimbursement for Services - Department of Transportation.....	158	185	197
High Hazard Dams.....	0	10,680	0
Reimbursement for Services - Miscellaneous.....	519	378	0
Reimbursement for Services - DEP/EPA Projects.....	58	0	0
Federal Reimbursement - Sport Fish Restoration.....	7,714	7,462	6,821
Federal Reimbursement - NOAA.....	157	424	117
Federal Reimbursement - Miscellaneous.....	43	500	30
Federal Reimbursement - Surface Mine Regulation.....	46	53	56
USFWS - Partner for Fish and Wildlife.....	57	1,354	1,010
Wildlife Conservation and Restoration - Non-Game.....	178	0	0
State Wildlife Grant.....	1,153	1,100	500
TOTAL.....	<u>\$ 10,116</u>	<u>\$ 22,176</u>	<u>\$ 8,771</u>
TOTAL RECEIPTS.....	<u>\$ 40,852</u>	<u>\$ 51,139</u>	<u>\$ 37,322</u>

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GAME FUND

The Game Fund is a special revenue fund composed of monies received from hunting license fees, sale of wood products, fines and penalties, interest, rents and federal contributions. It provides monies for the administration of the game laws and for the protection and propagation of game species.

Financial Statement

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Beginning Balance	\$ 27,054	\$ 29,301	\$ 34,643
Receipts:			
Revenue Estimate.....	\$ 76,287	\$ 80,998	\$ 81,704
Prior Year Lapses.....	7,709	9,723	0
Total Receipts.....	<u>\$ 83,996</u>	<u>\$ 90,721</u>	<u>\$ 81,704</u>
Funds Available	<u>\$ 111,050</u>	<u>\$ 120,022</u>	<u>\$ 116,347</u>
Expenditures:			
Appropriated.....	\$ 81,749	\$ 85,379	\$ 84,672
Estimated Expenditures.....	<u>-81,749</u>	<u>-85,379</u>	<u>-84,672</u>
Ending Balance	<u><u>\$ 29,301</u></u>	<u><u>\$ 34,643</u></u>	<u><u>\$ 31,675</u></u>

Summary by Department

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimate	2012-13 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 5	\$ 5	\$ 5
Game Commission			
General Government			
General Operations.....	\$ 62,202	\$ 66,773	\$ 67,749
Land Acquisition and Development.....	150	150	150
DEPARTMENT TOTAL.....	<u>\$ 62,352</u>	<u>\$ 66,923</u>	<u>\$ 67,899</u>
TOTAL STATE FUNDS	<u><u>\$ 62,357</u></u>	<u><u>\$ 66,928</u></u>	<u><u>\$ 67,904</u></u>
Federal Funds.....	\$ 18,871	\$ 16,612	\$ 14,976
Other Funds.....	521	1,839	1,792
FUND TOTAL.....	<u><u>\$ 81,749</u></u>	<u><u>\$ 85,379</u></u>	<u><u>\$ 84,672</u></u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2010-11 Actual	2011-2012 Estimated	2012-2013 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Licenses and Fees.....	\$ 33,891	\$ 33,261	\$ 31,761	\$ 31,761	\$ 31,761	\$ 31,761	\$ 31,761
Fines and Penalties.....	1,147	1,215	1,168	1,168	1,168	1,168	1,168
Miscellaneous.....	21,857	28,071	32,007	33,868	33,868	33,868	33,868
TOTAL GAME FUND REVENUES.....	\$ 56,895	\$ 62,547	\$ 64,936	\$ 66,797	\$ 66,797	\$ 66,797	\$ 66,797
Augmentations.....	\$ 19,392	\$ 18,451	\$ 16,768	\$ 16,768	\$ 16,768	\$ 16,768	\$ 16,768
TOTAL GAME FUND RECEIPTS.....	\$ 76,287	\$ 80,998	\$ 81,704	\$ 83,565	\$ 83,565	\$ 83,565	\$ 83,565

Revenue Sources

Licenses and Fees

Actual	Estimated
2005-06..... \$ 29,258	2011-12..... \$ 33,261
2006-07..... 28,728	2012-13..... 31,761
2007-08..... 29,725	2013-14..... 31,761
2008-09..... 29,901	2014-15..... 31,761
2009-10..... 33,480	2015-16..... 31,761
2010-11..... 33,891	2016-17..... 31,761

Through the passage of Act 166 of 1998, new fees for licenses became effective July 1999. For resident hunting and resident furtaker licenses, the fees are: ages 17 to 64, \$19.00; over age 65, \$12.00; ages 12 to 16, \$5.00. Resident senior lifetime hunting and furtaker licenses are \$50.00 each; and a resident senior lifetime combination hunting and furtaking license is \$100.00. A junior resident combination hunting and furtaker license is \$8.00. Resident bear hunting and archery licenses are \$15.00; a muzzleloading resident license, \$10.00; and a resident antlerless deer license, \$5.00. For nonresidents of the commonwealth, hunting licenses are: over age 17, \$100.00; ages 12 to 16, \$40.00. A junior nonresident combination hunting and furtaker license is \$50.00. In addition, a license for a nonresident to hunt bear is \$35.00; a license for a nonresident to hunt antlerless deer, \$25.00; and a muzzleloading license for a nonresident, \$20.00. Nonresidents are also able to purchase an adult furtaker license for \$80.00; a junior furtaker license for \$40.00; and a seven-day license to hunt small game for \$30.00.

Fines and Penalties

Actual	Estimated
2005-06..... \$ 1,217	2011-12..... \$ 1,215
2006-07..... 1,207	2012-13..... 1,168
2007-08..... 1,112	2013-14..... 1,168
2008-09..... 1,174	2014-15..... 1,168
2009-10..... 1,104	2015-16..... 1,168
2010-11..... 1,147	2016-17..... 1,168

The commonwealth receives revenue in the form of fines and penalties resulting from Game Law violations.

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
2005-06.....	\$ 24,495	2011-12.....	\$ 28,071
2006-07.....	24,578	2012-13.....	32,007
2007-08.....	18,870	2013-14.....	33,868
2008-09.....	14,008	2014-15.....	33,868
2009-10.....	10,815	2015-16.....	33,868
2010-11.....	21,857	2016-17.....	33,868

The commonwealth receives Game Fund revenue from various miscellaneous sources including the sale of wood products; interest on deposits and securities; monies from the sale of publications; funds from the sale of unserviceable property, skins and guns; monies from the rental of state property; gas and oil ground rentals and royalties; and other miscellaneous revenues.

Revenue Detail

The following is a detailed list of all Game Fund revenues available for appropriations and executive authorizations.

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Estimate	2012-13 Budget
Licenses and Fees			
Resident Hunting Licenses.....	\$ 12,314	\$ 12,595	\$ 12,595
Resident Junior Hunting Licenses.....	190	195	195
Nonresident Hunting Licenses.....	4,862	5,117	5,117
Special Game Permits.....	148	175	175
Antlerless Deer Licenses.....	3,925	4,056	4,056
Archery Licenses.....	4,159	4,000	4,000
Landowner Hunting Licenses.....	3	4	4
Resident Senior Hunting Licenses.....	265	311	311
Muzzleloading Hunting Licenses.....	1,737	1,860	1,860
Right-of-Way Licenses.....	5,102	4,000	2,500
Resident Bear Licenses.....	2,343	2,100	2,100
Nonresident Bear Licenses.....	152	175	175
Hunting License Issuing Agents' Application Fees.....	27	10	10
Nonresident Junior Hunting License.....	74	83	83
Nonresident 7-Day Hunting License.....	69	65	65
Senior Resident - Lifetime Hunting License.....	194	151	151
Adult Resident Furtaker License.....	645	600	600
Junior Resident Furtaker License.....	0	1	1
Senior Resident Furtaker License.....	5	8	8
Nonresident Adult Furtaker License.....	20	19	19
Resident Special Wild Turkey.....	289	200	200
Non-Resident Special Wild Turkey.....	22	19	19
PALS Transaction Fee.....	1,324	1,800	1,800
Mentor Youth Permit Licenses.....	16	15	15
Junior Combination License.....	382	391	391
Nonresident Archery License.....	294	277	277
Nonresident Muzzleloading Hunting License.....	123	136	135
Nonresident Migratory Game Bird.....	18	21	21
Nonresident Antlerless Deer License.....	452	518	518
Senior Resident - Lifetime Combination License.....	437	411	411
Nonresident Junior Combination License.....	23	29	29
Elk License & Bobcat Permit Applications.....	275	212	212
DMAP Harvest Permit.....	247	270	269
Resident Military Personnel Hunting.....	2	3	3
Miscellaneous Fees.....	257	229	231
Migratory Game Bird License.....	196	205	205
TOTAL.....	\$ 40,591	\$ 40,261	\$ 38,761
Restricted Revenue			
Transfer to General Habitat Improvement.....	-6,700	-7,000	-7,000
TOTAL.....	\$ -6,700	\$ -7,000	\$ -7,000
Net Licenses and Fees			
TOTAL.....	\$ 33,891	\$ 33,261	\$ 31,761

Revenue Detail (continued)

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimate	2012-13 Budget
Fines and Penalties			
Game Law Fines.....	\$ 1,147	\$ 1,215	\$ 1,168
TOTAL.....	<u>\$ 1,147</u>	<u>\$ 1,215</u>	<u>\$ 1,168</u>
Miscellaneous Revenue			
Sports Promotional Publications and Materials.....	\$ 3	\$ 3	\$ 3
Wildlife Promotional Publications amd Material.....	167	165	160
Sale of Coal.....	1,675	700	700
Sale of Stone, Sand, Gravel & Limestone.....	48	40	40
Sale of Miscellaneous Mineral Permits.....	0	5	25
Sale of Wood Products.....	7,241	7,000	6,000
Sale of Skins and Guns.....	22	20	20
Rental of State Property.....	4	4	4
Miscellaneous Revenue.....	121	51	50
Interest on Securities.....	6,485	1,140	1,140
Gas and Oil Ground Rentals and Royalties.....	4,186	17,100	22,150
Refund of Expenditures Not Credited to Appropriations.....	0	5	5
Miscellaneous Revenue License Division.....	1	15	15
Sale of Game News.....	687	667	639
Sale of Grain and Hay.....	55	50	50
Sale of Nonusable Property.....	28	10	10
Wildlife Management Promotional Revenue.....	41	40	40
Sale of Wood Products - PR Tracts.....	395	500	400
Howard Nursery.....	106	110	110
Working Together For Wildlife - Non-Game Fund.....	82	80	80
Oil and Gas Recovery Support.....	494	350	350
Waterfowl Management Stamp Sales and Royalties.....	16	16	16
TOTAL.....	<u>\$ 21,857</u>	<u>\$ 28,071</u>	<u>\$ 32,007</u>
TOTAL REVENUES.....	<u>\$ 56,895</u>	<u>\$ 62,547</u>	<u>\$ 64,936</u>
Augmentations			
Sale of Automobiles.....	\$ 97	\$ 100	\$ 100
Federal Reimbursement - Pittman Robinson Act.....	17,242	15,000	14,000
Endangered Species Program.....	24	53	56
Pennsylvania Conservation Corps.....	130	0	0
Federal Reimbursement - Surface Mine Regulation.....	6	40	89
Federal Reimbursement - WCRA/SWG.....	1,442	1,147	709
Federal Reimbursement - Chronic Wasting Disease.....	79	70	70
Federal Reimbursement - LIP.....	0	52	52
Federal Reimbursement - Other Wildlife Grants.....	78	250	0
Private Donations.....	101	50	50
Middlecreek Exhibit Donations.....	4	5	5
Reimbursement of Services.....	113	1,577	1,555
PennDot Reimbursement - Environmental Assessments.....	48	75	50
Hunter Education	28	29	29
Black Duck Banding.....	0	3	3
	<u>\$ 19,392</u>	<u>\$ 18,451</u>	<u>\$ 16,768</u>
TOTAL RECEIPTS.....	<u>\$ 76,287</u>	<u>\$ 80,998</u>	<u>\$ 81,704</u>

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KEYSTONE RECREATION, PARK AND CONSERVATION FUND

The Keystone Recreation, Park and Conservation Fund is a special revenue fund composed of monies from the sale of specific bonds and certain tax revenues. This fund provides for increased acquisitions, improvements and expansions of commonwealth and community parks, recreation facilities, historic sites, zoos, public libraries, nature preserves and wildlife habitats.

Keystone Recreation, Park and Conservation Fund

Financial Statement

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Available	2012-13 Estimated
Beginning Balance	\$ 0	\$ 0	\$ 0
Receipts:			
Revenue Estimate.....	\$ 51,261	\$ 46,350	\$ 46,488
Total Receipts.....	<u>\$ 51,261</u>	<u>\$ 46,350</u>	<u>\$ 46,488</u>
Funds Available	\$ 51,261	\$ 46,350	\$ 46,488
Expenditures:			
Appropriated.....	\$ 51,261	\$ 38,028	\$ 46,488
Estimated Year-End Adjustment.....	0	8,322 ^b	0
Estimated Expenditures.....	<u>-51,261</u>	<u>-46,350</u>	<u>-46,488</u>
Ending Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Summary by Department

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Estimate	2012-13 Budget
Treasury			
Replacement Checks.....	\$ 0	\$ 5	\$ 5
Department of Conservation and Natural Resources			
General Government			
Parks and Forest Facility Rehabilitation.....	\$ 15,379	\$ 11,407	\$ 0
Grants and Subsidies			
Grants for Local Recreation.....	\$ 12,815	\$ 9,506	\$ 0
Grants to Land Trusts.....	5,126	3,802	0
Subtotal.....	<u>\$ 17,941</u>	<u>\$ 13,308</u>	<u>\$ 0</u>
DEPARTMENT TOTAL.....	<u>\$ 33,320</u>	<u>\$ 24,715</u>	<u>\$ 0</u>
Department of Education			
Grants and Subsidies			
Local Libraries Rehabilitation and Development.....	\$ 2,050	\$ 1,521	\$ 1,859
State System of Higher Education —			
Deferred Maintenance	0	6,844	0
DEPARTMENT TOTAL.....	<u>\$ 2,050</u>	<u>\$ 8,365</u>	<u>\$ 1,859</u>
Executive Offices			
General Government			
Transfer to the General Fund.....	\$ 9,227 ^a	\$ 0	\$ 38,581
Historical and Museum Commission			
Grants and Subsidies			
Historic Site Development	\$ 6,664	\$ 4,943	\$ 6,043
FUND TOTAL.....	<u>\$ 51,261</u>	<u>\$ 38,028</u>	<u>\$ 46,488</u>

^a Amount transferred to General Fund per Act 46 of 2010.

^b Estimated year-end balance to be distributed to agencies.

Keystone Recreation, Park and Conservation Fund

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2010-11 Actual	2011-12 Estimated	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Realty Transfer Tax.....	\$ 50,167	\$ 45,600	\$ 45,988	\$ 55,712	\$ 64,976	\$ 73,165	\$ 76,477
Miscellaneous.....	1,094	750	500	500	500	500	500
TOTAL KEYSTONE RECREATION, PARK AND CONSERVATION FUND RECEIPTS.....	\$ 51,261	\$ 46,350	\$ 46,488	\$ 56,212	\$ 65,476	\$ 73,665	\$ 76,977

Revenue Sources

Realty Transfer Tax

Actual	Estimated
2005-06..... \$ 96,879	2011-12..... \$ 45,600
2006-07..... 12,415	2012-13..... 45,988
2007-08..... 77,200	2013-14..... 55,712
2008-09..... 54,029	2014-15..... 64,976
2009-10..... 50,392	2015-16..... 73,165
2010-11..... 50,167	2016-17..... 76,477

Act 50 of 1993 approved the transfer of 15% of the revenues from the state Realty Transfer Tax to this fund. These monies are distributed to programs according to the formula contained in the act. Act 67 of 2006 decreased the transfer rate from 15% to 2.1% for the 2006-07 fiscal year.

Miscellaneous Revenues

Actual	Estimated
2005-06..... \$ 7,221	2011-12..... \$ 750
2006-07..... 9,757	2012-13..... 500
2007-08..... 7,071	2013-14..... 500
2008-09..... 2,625	2014-15..... 500
2009-10..... 487	2015-16..... 500
2010-11..... 1,094	2016-17..... 500

Miscellaneous revenues are earned interest.

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LOTTERY FUND

The Lottery Fund is a special revenue fund composed of monies received from lottery ticket sales. It provides for lottery prizes and for programs to support older Pennsylvanians including property tax and rent assistance, community care programs, mass transit fare subsidies and partial rebate of prescription drug costs.

Financial Statement

(Dollar Amounts in Thousands)

	2010-11 <u>Actual</u>	2011-12 <u>Available</u>	2012-13 <u>Estimated</u>
Beginning Balance	\$ 101,362	\$ 158,986	\$ 113,651
Reserve from Previous Year.....	<u>0</u>	<u>0</u>	<u>75,000</u>
Total Beginning Balance.....	<u>\$ 101,362</u>	<u>\$ 158,986</u>	<u>\$ 188,651</u>
Receipts:			
Gross Ticket Sales.....	\$ 3,207,908	\$ 3,300,009	\$ 3,348,394
Less Field Paid Prizes and Commissions.....	-1,818,381	-1,850,094	-1,879,651
Transfers and Earnings.....	<u>171,900</u>	<u>166,843</u>	<u>169,300</u>
Net Revenue Estimate.....	\$ 1,561,427	\$ 1,616,758	\$ 1,638,043
Prior Year Lapses.....	<u>41,409</u>	<u>8,090</u>	<u>0</u>
Total Receipts.....	<u>\$ 1,602,836</u>	<u>\$ 1,624,848</u>	<u>\$ 1,638,043</u>
Funds Available	<u>\$ 1,704,198</u>	<u>\$ 1,783,834</u>	<u>\$ 1,826,694</u>
Expenditures:			
Appropriated.....	\$ 1,545,212	\$ 1,624,398	\$ 1,667,147
Current Year Lapses.....	<u>0</u>	<u>-29,215</u>	<u>0</u>
Estimated Expenditures.....	<u>-1,545,212</u>	<u>-1,595,183</u>	<u>-1,667,147</u>
Reserve for Current Year.....	<u>\$ 0</u>	<u>\$ -75,000</u>	<u>\$ -75,000</u>
Ending Balance	<u>\$ 158,986</u>	<u>\$ 113,651</u>	<u>\$ 84,547</u>

Summary by Department

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimate	2012-13 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 50	\$ 50	\$ 50
Department of Aging			
General Government			
General Government Operations.....	\$ 7,100	\$ 6,705	\$ 6,705
Grants and Subsidies			
PENNCARE.....	\$ 243,283	\$ 248,764	\$ 248,164
Pre-Admission Assessment.....	10,735	10,735	10,735
Caregiver Support.....	12,103 a	12,103 a	12,103
Alzheimer's Outreach.....	250	250	250
Pharmaceutical Assistance Fund.....	200,000	225,000	190,000
Subtotal.....	\$ 466,371	\$ 496,852	\$ 461,252
TOTAL STATE FUNDS.....	\$ 473,471	\$ 503,557	\$ 467,957
Federal Funds.....	\$ 138,853	\$ 137,763	\$ 134,952
Augmentations.....	173	174	174
DEPARTMENT TOTAL.....	\$ 612,497	\$ 641,494	\$ 603,083
Department of Public Welfare			
Grants and Subsidies			
Medical Assistance - Long-Term Care.....	\$ 178,438	\$ 178,438	\$ 250,000
Department of Revenue			
General Government			
General Operations.....	\$ 36,825	\$ 39,897	\$ 39,897
Lottery Advertising.....	36,862	37,000	37,000
Property Tax Rent Rebate - General Operations.....	13,041	13,847	13,847
On-line Vendor Commissions.....	30,839	30,653	32,923
Instant Vendor Commissions.....	22,132	21,032	23,400
Payment of Prize Money.....	308,841	347,414	343,730
Subtotal.....	\$ 448,540	\$ 489,843	\$ 490,797
Grants and Subsidies			
Property Tax and Rent Assistance for Older Pennsylvanians.....	\$ 283,395	\$ 283,900	\$ 286,100
TOTAL STATE FUNDS.....	\$ 731,935	\$ 773,743	\$ 776,897
Augmentations.....	161	355	162
DEPARTMENT TOTAL.....	\$ 732,096	\$ 774,098	\$ 777,059

Summary by Department

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimate	2012-13 Budget
Department of Transportation			
Grants and Subsidies			
Transfer to Public Transportation Trust Fund.....	\$ 88,199	\$ 89,610	\$ 91,268
Older Pennsylvanians Shared Rides.....	73,119	79,000	80,975
DEPARTMENT TOTAL.....	<u>\$ 161,318</u>	<u>\$ 168,610</u>	<u>\$ 172,243</u>
TOTAL STATE FUNDS.....	<u>\$ 1,545,212</u>	<u>\$ 1,624,398</u>	<u>\$ 1,667,147</u>
Federal Funds.....	\$ 138,853	\$ 137,763	\$ 134,952
Other Funds.....	334	529	336
FUND TOTAL.....	<u>\$ 1,684,399</u>	<u>\$ 1,762,690</u>	<u>\$ 1,802,435</u>

^a Appropriated as Family Caregiver.

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2010-11 Actual	2011-12 Estimated	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Collections.....	\$ 1,389,527	\$ 1,449,915	\$ 1,468,743	\$ 1,482,724	\$ 1,492,372	\$ 1,496,736	\$ 1,501,128
Gaming Fund Transfers.....	165,900	164,100	166,800	167,900	169,100	170,200	170,200
Miscellaneous Revenue.....	6,000	2,743	2,500	2,500	2,500	2,500	2,500
TOTAL LOTTERY FUND REVENUES.....	\$ 1,561,427	\$ 1,616,758	\$ 1,638,043	\$ 1,653,124	\$ 1,663,972	\$ 1,669,436	\$ 1,673,828

Revenue Sources

Net Lottery Collections

	Actual		Estimated
2005-06.....	\$ 1,430,050	2011-12.....	\$ 1,449,915
2006-07.....	1,365,596	2012-13.....	1,468,743
2007-08.....	1,403,742	2013-14.....	1,482,724
2008-09.....	1,367,700	2014-15.....	1,492,372
2009-10.....	1,332,576	2015-16.....	1,496,736
2010-11.....	1,389,527	2016-17.....	1,501,128

Net lottery collections consist of the proceeds from lottery ticket sales less commissions and some prizes. Currently prizes of \$2,500 or less for the on-line games and prizes of \$600 or less for instant games can be paid by the ticket agents. The State Lottery is currently operating nine games. The "Daily Number" game introduced in March 1977, the "Big 4" game introduced in November 1980, the "Cash 5" game introduced in April 1992, Treasure Hunt began in 2007, Quinto was introduced in 2008, and "Match 6" was re-introduced during June 2010. These games utilize computer sales terminals located across the commonwealth. Powerball began in 2002 as the first multi-state game and was followed by Mega Millions in 2010. On December 31, 2005, the Millionaire Raffle was introduced to be run periodically thereafter. Ticket prices are \$1 for "Cash 5" which consists of 1 play to pick 5 of 43 numbers; \$1 dollar for "Treasure Hunt" which is made up of 1 play to pick 5 of 30 numbers as an exclusively "mid-day" game. "Quinto" is \$1 per play and has a mid-day and evening drawing with a five digit base and is similar in play to the "Daily Number" and "Big 4". "Daily Number" and "Big 4" game ticket prices range from \$0.50 to \$5. "Match 6" is a \$2 play to pick six numbers in a range from 1 to 49. The "Instant Game" ticket prices range from \$1 to \$20. Powerball is played for \$2 per play and Powerplay, which doubles winnings, can be added for \$1 per play as well. The Millionaire Raffle features a ticket price of \$20 for an eight digit raffle number with a limited number of ticket sales.

Powerball is a lotto game which is a combined large jackpot game and a cash game. It involves drawing five out of 4959 numbers and one out of 35 numbers. Players win by matching one of nine ways. Recent enhancements increased the price to play from \$1 to \$2, but also increased opening jackpot amounts to encourage more player participation.

Mega Millions is another multi-state jackpot game which is played for \$1 per play and has a beginning jackpot of \$12 million dollars. It is accompanied by a \$1 Megaplier option similar to Powerplay.

Net lottery collections as reported above correspond to the Lottery Fund revenue remitted to the commonwealth and reported in the commonwealth's accounting system. Net lottery collections are derived by subtracting the commissions retained and prizes paid by local lottery agents from the total lottery ticket sales. The table below shows the calculation of the net revenue amount.

(Dollar Amounts in Thousands)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Ticket Sales.....	\$ 3,207,908	\$ 3,300,009	\$ 3,348,394	\$ 3,384,959	\$ 3,410,333	\$ 3,422,829	\$ 3,435,397
Commissions.....	-165,563	-170,358	-172,885	-174,795	-176,119	-176,772	-177,428
Field Paid Prizes.....	-1,652,818	-1,679,736	-1,706,766	-1,727,440	-1,741,842	-1,749,321	-1,756,841
NET LOTTERY COLLECTIONS.....	\$ 1,389,527	\$ 1,449,915	\$ 1,468,743	\$ 1,482,724	\$ 1,492,372	\$ 1,496,736	\$ 1,501,128

Revenue Sources (continued)

Gaming Fund Repayments

Actual		Estimated	
2005-06.....	\$ 0	2011-12.....	\$ 0
2006-07.....	100,000	2012-13.....	0
2007-08.....	100,000	2013-14.....	0
2008-09.....	0	2014-15.....	0
2009-10.....	40,000	2015-16.....	0
2010-11.....	9,900	2016-17.....	0

Under Act 1 of Special Session No. 1 of 2006 the Gaming Fund is required to repay the Lottery Fund for Property Tax and Rent Rebate program expansions under that Act which were initially paid by the Lottery Fund.

Gaming Fund Transfers

Actual		Estimated	
2005-06.....	\$ 0	2011-12.....	\$ 164,100
2006-07.....	0	2012-13.....	166,800
2007-08.....	0	2013-14.....	167,900
2008-09.....	48,500	2014-15.....	169,100
2009-10.....	136,700	2015-16.....	170,200
2010-11.....	156,000	2016-17.....	170,200

Under Act 1 of Special Session No. 1 of 2006 the Gaming Fund is required to completely pay for Property Tax and Rent Rebate program expansion costs under that Act beginning in 2009-10 and thereafter.

Miscellaneous Revenue

Actual		Estimated	
2005-06.....	\$ 29,459	2011-12.....	\$ 2,743
2006-07.....	33,056	2012-13.....	2,500
2007-08.....	14,692	2013-14.....	2,500
2008-09.....	-27,314	2014-15.....	2,500
2009-10.....	1,110	2015-16.....	2,500
2010-11.....	6,000	2016-17.....	2,500

Miscellaneous revenue includes interest earned on securities, interest on deposits, premiums on sale of securities and refund of expenditures.



RACING FUND

The Racing Fund is a special revenue fund composed of monies received from taxes and license fees collected by the State Harness Racing Commission and the State Horse Racing Commission for the regulation of horse and harness racing.

Financial Statement

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Beginning Balance	\$ 49	\$ 46	\$ 0
Receipts:			
Revenue Estimate.....	\$ 15,906	\$ 16,956	\$ 17,915
Prior Year Lapses.....	941	663	0
Total Receipts.....	<u>\$ 16,847</u>	<u>\$ 17,619</u>	<u>\$ 17,915</u>
Funds Available	<u>\$ 16,896</u>	<u>\$ 17,665</u>	<u>\$ 17,915</u>
Expenditures:			
Appropriated.....	\$ 16,850	\$ 17,665	\$ 17,915
Estimated Expenditures.....	-16,850	-17,665	-17,915
Ending Balance	<u>\$ 46</u>	<u>\$ 0</u>	<u>\$ 0</u>

Summary by Department

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimate	2012-13 Budget
Treasury Department			
General Government			
Replacement Checks.....	\$ 10	\$ 10	\$ 10
Department of Agriculture			
General Government			
State Racing Commissions.....	\$ 13,197	\$ 14,054	\$ 14,054
Equine Toxicology and Research Laboratory.....	3,159	3,104	3,354
Pennsylvania Fairs—Administration.....	262	259	259
Subtotal	<u>\$ 16,618</u>	<u>\$ 17,417</u>	<u>\$ 17,667</u>
TOTAL STATE FUNDS	<u>\$ 16,618</u>	<u>\$ 17,417</u>	<u>\$ 17,667</u>
Augmentations.....	7	1	1
DEPARTMENT TOTAL.....	<u>\$ 16,625</u>	<u>\$ 17,418</u>	<u>\$ 17,668</u>
Department of Revenue			
General Government			
Collections—Racing.....	\$ 222	\$ 238	\$ 238
TOTAL STATE FUNDS	<u>\$ 16,850</u>	<u>\$ 17,665</u>	<u>\$ 17,915</u>
Other Funds.....	7	1	1
FUND TOTAL.....	<u>\$ 16,857</u>	<u>\$ 17,666</u>	<u>\$ 17,916</u>

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2010-11 Actual	2011-12 Estimated	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Tax Revenues.....	\$ 10,336	\$ 13,491	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400	\$ 14,400
Licenses and Fees.....	657	785	795	795	795	795	795
Miscellaneous Revenue.....	4,913	2,680	2,720	2,720	2,720	2,720	2,720
TOTAL RACING FUND REVENUES.....	\$ 15,906	\$ 16,956	\$ 17,915	\$ 17,915	\$ 17,915	\$ 17,915	\$ 17,915

Revenue Sources

Tax Revenues

Actual	Estimated
2005-06..... \$ 11,684	2011-12..... \$ 13,491
2006-07..... 11,253	2012-13..... 14,400
2007-08..... 10,384	2013-14..... 14,400
2008-09..... 13,939	2014-15..... 14,400
2009-10..... 13,213	2015-16..... 14,400
2010-11..... 10,336	2016-17..... 14,400

Act 93 of 1983 combined the Harness Racing Fund and the Horse Racing Fund into the Racing Fund. This act amended portions of the Race Horse Industry Reform Act. For licensed racing corporations annually conducting at least 100 days of racing or for two licensed corporations conducting their racing at the same facility with a minimum of 175 combined racing days, the previous sliding wagering tax rate was changed to 1.5 percent effective July 1, 1986, and thereafter. For licensed racing corporations not conducting the minimum number of racing days, the wagering rate was changed to 2.5 percent from July 1, 1984 to June 30, 1986, and 2 percent thereafter. Act 23 of 2000 changed the amount allocated from the State Racing Fund to the Pennsylvania Breeding Fund to 1 percent of the daily amount wagered for thoroughbred horse racing. Act 127 of 1988 permits off-track betting in the commonwealth.

Licenses and Fees

Actual	Estimated
2005-06..... \$ 510	2011-12..... \$ 785
2006-07..... 485	2012-13..... 795
2007-08..... 878	2013-14..... 795
2008-09..... 760	2014-15..... 795
2009-10..... 645	2015-16..... 795
2010-11..... 657	2016-17..... 795

Licenses and fees are revenues derived from the licensing of jockeys and such other persons participating in horse racing meets as prescribed by the State Racing Commissions.

Revenue Sources (continued)

Miscellaneous Revenue

Actual		Estimated	
2005-06.....	\$ 3,523	2011-12.....	\$ 2,680
2006-07.....	3,646	2012-13.....	2,720
2007-08.....	3,581	2013-14.....	2,720
2008-09.....	2,230	2014-15.....	2,720
2009-10.....	2,424	2015-16.....	2,720
2010-11.....	4,913	2016-17.....	2,720

Penalties and interest on taxes due, interest on securities and uncashed tickets comprise miscellaneous revenue.

Revenue Detail

The following is a detailed list of all revenues available for Racing Fund appropriations and executive authorizations.

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimate	2012-13 Budget
Tax Revenues			
State Admission Tax.....	\$ 47	\$ 50	\$ 50
Wagering Tax.....	9,868	12,766	13,670
Breakage Tax.....	421	675	680
TOTAL.....	\$ 10,336	\$ 13,491	\$ 14,400
Licenses and Fees			
License Fees.....	\$ 657	\$ 785	\$ 795
Miscellaneous Revenues			
Uncashed Tickets.....	\$ 2,005	\$ 2,280	\$ 2,300
Interest on Securities.....	2,908	400	420
TOTAL.....	\$ 4,913	\$ 2,680	\$ 2,720
TOTAL REVENUES.....	\$ 15,906	\$ 16,956	\$ 17,915



TOBACCO SETTLEMENT FUND

The Tobacco Settlement Fund is a special revenue fund comprised of monies from all tobacco settlements under the Tobacco Master Settlement Agreement. It provides for smoking prevention and smoking cessation programs and other health-related programs including home and community-based care, support for the uninsured and uncompensated care.

Tobacco Settlement Fund

Act 77 of 2001 created the Tobacco Settlement Fund (TSF) to receive the revenues from the Master Settlement Agreement that was reached with the five major tobacco companies on December 17, 1999. The TSF was established to provide funding for health care insurance for the uninsured, home and community-based services for seniors, tobacco use prevention and cessation, broad-based health research, medical care for workers with disabilities, hospital uncompensated care and an endowment component to preserve a portion of the receipts for future use.

A portion of the tobacco revenue has been used in recent years to offset the escalating cost of long-term care services for persons with disabilities and seniors. In 2011-12, Act 26 of 2011 redirected 62.5 percent of the funds allocated to tobacco use prevention and cessation activities, 33.3 percent of the funds allocated to health care insurance for uninsured adults, 18.2 percent of the funds allocated for uncompensated care and 100 percent of the funds allocated for the Endowment Account and the annual strategic contribution payment to offset the cost of long-term care services. This budget proposes to continue these same percentage redirects in 2012-13. In addition, this budget proposes to redirect 100 percent of the funds allocated for health research to offset the cost of long-term care services.

This budget allocates a total of \$331.7 million in 2012-13 for the following health care related activities.

	Dollar Amounts in Millions
➤ Health Care Insurance for the Uninsured	\$62.2
Subsidizes health care insurance coverage for workers with disabilities with incomes under 250 percent of the federal poverty level.	
➤ Long-Term Living	\$202.2
Provides home and community-based services and nursing home care for persons with disabilities and seniors based on their clinical need and personal preference.	
➤ Tobacco Use Prevention and Cessation	\$14.0
Funds community-based prevention and cessation programs that are based on best practices for effective intervention from the national Centers for Disease Control.	
➤ Hospital Uncompensated Care	\$25.4
Support financially distressed hospitals in the provision of uncompensated care and care to Medical Assistance recipients.	
➤ Pharmaceutical Benefits for the Elderly	\$24.9
Supports the expansion of the pharmaceutical benefits for the elderly program implemented in 2001.	
➤ Life Sciences Greenhouses	\$3.0
Continues support for the three Life Sciences Greenhouses that invest in companies focused on the research, development and commercialization of cutting-edge therapies and medical technologies.	
TOTAL	\$331.7

Financial Statement

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Beginning Balance	\$ 364,091	\$ 132,649	\$ 73,176
Receipts:			
Revenue Estimate.....	\$ 345,835	\$ 331,718	\$ 328,483
Transfer from Health Endowment Account for Long-Term Hope.....	37,524 ^a	0	0
Prior Year Lapses.....	0 ^b	0 ^b	0
Total Receipts.....	<u>383,359</u>	<u>331,718</u>	<u>328,483</u>
Funds Available	<u>\$ 747,450</u>	<u>\$ 464,367</u>	<u>\$ 401,659</u>
Expenditures:			
Appropriated.....	\$ 364,801	\$ 391,191	\$ 332,084
Transfer to General Fund.....	250,000	0	0
Estimated Expenditures.....	<u>614,801</u>	<u>391,191</u>	<u>332,084</u>
Ending Balance	<u><u>\$ 132,649</u></u>	<u><u>\$ 73,176</u></u>	<u><u>\$ 69,575</u></u>

^a Excludes \$246.672 million in private equity investments and net reserve for contractual obligations.

^b Excludes lapses redistributed within the Home and Community-Based Services and Health Investment Insurance programs as prescribed under Act 77 of 2001.

Summary by Department

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimate	2012-13 Budget
Executive Offices			
General Government			
Transfer to General Fund (EA).....	\$ 250,000	\$ 0	\$ 0
DEPARTMENT TOTAL.....	\$ 250,000	\$ 0	\$ 0
Treasury Department			
General Government			
Replacement Checks - Tobacco Settlement Fund (EA).....	\$ 5	\$ 5	\$ 5
DEPARTMENT TOTAL.....	\$ 5	\$ 5	\$ 5
Department of Aging			
Grants and Subsidies			
Home and Community-Based Services (EA).....	\$ 30,358	\$ 32,183	\$ 32,183
PACENET Transfer (EA).....	26,148	24,790	24,877
TOTAL STATE FUNDS	\$ 56,506	\$ 56,973	\$ 57,060
Federal Funds.....	\$ 33,472	\$ 36,202	\$ 36,202
DEPARTMENT TOTAL.....	\$ 89,978	\$ 93,175	\$ 93,262
Department of Community and Economic Development			
Grants and Subsidies			
Tobacco Settlement Investment Board.....	\$ 0 ^a	\$ 350	\$ 361
Life Sciences Greenhouses.....	3,000	3,000	3,000
DEPARTMENT TOTAL.....	\$ 3,000	\$ 3,350	\$ 3,361
Department of Health			
Grants and Subsidies			
Health Research - Health Priorities (EA).....	\$ 58,833	\$ 55,779	\$ 0
Health Research - National Cancer Institute (EA).....	3,269	3,099	0
Tobacco Use Prevention and Cessation (EA).....	14,661	13,945	13,993
Transfer to General Fund (EA).....	14,708	0	0
DEPARTMENT TOTAL.....	\$ 91,471	\$ 72,823	\$ 13,993
Insurance Department			
Grants and Subsidies			
Adult Health Insurance (EA).....	\$ 15,780	\$ 0	\$ 0
DEPARTMENT TOTAL.....	\$ 15,780	\$ 0	\$ 0

Summary by Department (continued)

(Dollar Amounts in Thousands)

	<u>2010-11</u> Actual	<u>2011-12</u> Estimate	<u>2012-13</u> Budget
Department of Public Welfare			
Grants and Subsidies			
Medical Care for Workers with Disabilities (EA).....	\$ 49,623 ^b	\$ 62,007	\$ 62,222
Home and Community-Based Services (EA).....	12,132 ^c	8,102 ^d	8,241
Medical Assistance - Long-Term Care.....	103,599	162,583	161,765
Uncompensated Care (EA).....	<u>32,685</u>	<u>25,348</u>	<u>25,437</u>
TOTAL STATE FUNDS.....	<u>\$ 198,039</u>	<u>\$ 258,040</u>	<u>\$ 257,665</u>
Federal Funds.....	<u>\$ 186,133</u>	<u>\$ 119,271</u>	<u>\$ 114,644</u>
DEPARTMENT TOTAL.....	<u>\$ 384,172</u>	<u>\$ 377,311</u>	<u>\$ 372,309</u>
TOTAL STATE FUNDS.....	<u>\$ 614,801</u>	<u>\$ 391,191</u>	<u>\$ 332,084</u>
Federal Funds.....	<u>\$ 219,605</u>	<u>\$ 155,473</u>	<u>\$ 150,846</u>
FUND TOTAL.....	<u>\$ 834,406</u>	<u>\$ 546,664</u>	<u>\$ 482,930</u>

^a Excludes \$714,000 in 2010-11 appropriated to the Tobacco Settlement Investment Board (actually funded by the Health Endowment Account for Long-Term Hope).

^b Authorized as \$51,849,442, but excludes redistributed lapses to avoid double counting.

^c Authorized as \$18,972,588, but excludes redistributed lapses to avoid double counting.

^d Authorized as \$9,395,888, but excludes redistributed lapses to avoid double counting.

REVENUE SUMMARY

(Dollar Amounts in Thousands)

Five Year Revenue Projections

	2010-11 Actual	2011-12 Estimated	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Tobacco Settlement Revenue.....	\$ 330,835	\$ 331,718	\$ 328,483	\$ 325,283	\$ 322,135	\$ 319,039	\$ 315,621
Miscellaneous Revenue.....	15,000	0	0	0	0	0	0
TOTAL TOBACCO FUND REVENUES.....	\$ 345,835	\$ 331,718	\$ 328,483	\$ 325,283	\$ 322,135	\$ 319,039	\$ 315,621

Revenue Sources

Tobacco Settlement Revenue

Actual	Estimated
2005-06..... \$ 336,227	2011-12..... \$ 331,718
2006-07..... 351,928	2012-13..... 328,483
2007-08..... 382,003	2013-14..... 325,283
2008-09..... 419,238	2014-15..... 322,135
2009-10..... 349,843	2015-16..... 319,039
2010-11..... 330,835	2016-17..... 315,621

Tobacco Settlement revenue includes payments from all tobacco settlements under the Tobacco Master Settlement Agreement except for payments set aside in the Health Endowment Account for Long-Term Hope. Act 26 of 2011 redirects the 2011 strategic contribution payment and the 8 percent of the annual payment from the Health Endowment Account for Long-Term Hope to the Tobacco Settlement Fund to support health-related expenditures. This budget proposes to continue the redirection of the 2012 strategic contribution payment and the 8 percent annual payment from the Health Endowment Account for Long-Term Hope to the Tobacco Settlement Fund to support health care related expenditures.

Miscellaneous Revenue

Actual	Estimated
2005-06..... \$ 62,778	2011-12..... \$ 0
2006-07..... 14,755	2012-13..... 0
2007-08..... 51,250	2013-14..... 0
2008-09..... 65,000	2014-15..... 0
2009-10..... 25,000	2015-16..... 0
2010-11..... 15,000	2016-17..... 0

Miscellaneous Revenue includes investment earnings that would have otherwise been deposited to or retained in the Health Endowment Account for Long-Term Hope, but were specified for retention within the fund itself by Act 41 of 2005, Act 66 of 2006, Act 42 of 2007, Act 53 of 2008, Act 50 of 2009 and Act 46 of 2010.

Revenue Detail

The following is a detailed list of all Tobacco Settlement Fund revenues.

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimate	2012-13 Budget
Gross Settlements.....	\$ 309,880	\$ 310,957	\$ 307,953 ^a
Strategic Contributions.....	20,955	20,761	20,530 ^a
NET TOBACCO SETTLEMENT REVENUE.....	\$ 330,835	\$ 331,718	\$ 328,483

^a This budget proposes to continue to redirect 8% of the Gross Settlements and the Strategic Contributions from the Health Endowment Account for Long-Term Hope to the Tobacco Settlement Fund.

Restricted Revenues

Health Endowment Account for Long-Term Hope Revenue

(Dollar Amounts in Thousands)

Actual		Estimated
2005-06.....	\$ 32,844	2011-12..... \$ 0
2006-07.....	120,018	2012-13..... 0
2007-08.....	42,841	2013-14..... 0
2008-09.....	-71,799	2014-15..... 0
2009-10.....	-161,088	2015-16..... 0
2010-11.....	-422,961	2016-17..... 0

Except where otherwise directed by legislation, the Health Endowment Account for Long-Term Hope restricted revenue included all interest earned in the Tobacco Settlement Fund, the initial payment of Tobacco Settlement funds, strategic contribution payments (beginning in 2007-08), 8 percent of each annual payment and lapses from the appropriations in the fund except for moneys provided for the Home and Community-Based Care program and the Health Investment Insurance program, which are reallocated to their respective programs. The 2008-09 actual amount includes the transfers to the Tobacco Settlement Fund per Act 53 of 2008 and net investment earnings. The 2009-10 actual amount includes the transfers to the Tobacco Settlement Fund per Act 50 of 2009 including the transfer of \$150 million to the General Fund. The 2010-11 actual amount, per Act 46 of 2010, includes the transfer of \$121 million from the Endowment Account to augment the appropriation for payment of required contributions to the Public School Employees' Retirement System and the transfer of all remaining assets, cash and investments in the Health Endowment Account to the Tobacco Settlement Fund on June 1, 2011. This budget proposes to continue to redirect the strategic contribution payment and the 8 percent annual payment to the Tobacco Settlement Fund.

Tobacco Settlement Investment Board Account

(Dollar Amounts in Thousands)

Actual		Estimated
2005-06.....	\$ 376	2011-12..... \$ 0
2006-07.....	659	2012-13..... 0
2007-08.....	813	2013-14..... 0
2008-09.....	903	2014-15..... 0
2009-10.....	961	2015-16..... 0
2010-11.....	714	2016-17..... 0

The Tobacco Settlement Investment Board restricted revenue represented the approved expenses of the overseeing investment board to be paid from the investment earnings in the Health Endowment Account for Long-Term Hope. Beginning in 2011-12, these funds are appropriated from the Tobacco Settlement Fund.

Community Health Reinvestment Account

(Dollar Amounts in Thousands)

Actual		Estimated
2005-06.....	\$ 59,159	2011-12..... \$ 29,508
2006-07.....	94,963	2012-13..... 0
2007-08.....	109,041	2013-14..... 0
2008-09.....	126,348	2014-15..... 0
2009-10.....	106,263	2015-16..... 0
2010-11.....	85,021	2016-17..... 0

The account was used for the restricted receipt and disbursement of funds received in accordance with the Community Health Reinvestment Agreement entered into February 2, 2005 by the Insurance Department. The Community Health Reinvestment program disbursed funds in the Insurance Department in support of basic health care for adults in accordance with Act 77 of 2001. The Community Health Reinvestment Agreement expired December 31, 2010. An additional agreement funded the Adult Health Insurance program through February 28, 2011. This budget assumes no additional Community Health Reinvestment contributions.

Restricted Revenues

Health Venture Investment Account

(Dollar Amounts in Thousands)

Actual		Estimated	
2005-06.....	\$ 0	2011-12.....	\$ 0
2006-07.....	0	2012-13.....	0
2007-08.....	0	2013-14.....	0
2008-09.....	6,000	2014-15.....	0
2009-10.....	0	2015-16.....	0
2010-11.....	0	2016-17.....	0

The Health Venture Investment account revenues were provided by a one-time appropriation of \$60 million from the Tobacco Settlement Fund as a result of Act 77 of 2001 and the transfer of funds from the Machinery and Equipment Loan Fund as a result of Act 53 of 2008. Funds are invested in one or more limited partnerships that make venture capital investments by acquiring debt and equity interests in health care, biotechnology or in other health-related businesses that are expected to grow substantially in the future in accordance with Act 77 of 2001.

Biotechnology Commercialization Account

(Dollar Amounts in Thousands)

Actual		Estimated	
2005-06.....	\$ 0	2011-12.....	\$ 0
2006-07.....	0	2012-13.....	0
2007-08.....	0	2013-14.....	0
2008-09.....	6,000	2014-15.....	0
2009-10.....	0	2015-16.....	0
2010-11.....	0	2016-17.....	0

The Biotechnology Commercialization account revenues were provided by the transfer of funds from the Machinery and Equipment Loan Fund as a result of Act 53 of 2008. Funds are distributed equally to regional biotechnology research centers to continue support for the three Life Sciences Greenhouses that invest in companies focused on research, development and commercialization of cutting-edge therapies and medical technologies in accordance with Act 77 of 2001.



Commonwealth of Pennsylvania

Governor's Executive Budget

TAX
EXPENDITURES

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TAX EXPENDITURES

Tax credits, deductions, exemptions and exclusions are provided in law which result in a significant reduction in revenues that would otherwise be received at current tax rates. These reductions are tax expenditures. Proposed changes to current law tax expenditures are shown in Section C.

TAX EXPENDITURE ANALYSIS

The traditional budget process involves estimating commonwealth revenues and appropriating these moneys for numerous programs. The process is subject to intense scrutiny by interests inside and outside government. Constrained by available revenues, programs are initiated, expanded, limited, or deleted based on merit. To augment the traditional budget process, this budget includes an analysis of indirect expenditures that occur through special treatment within the tax structure. Various tax credits, deductions, exemptions, and exclusions are provided which result in reductions in revenue that would otherwise be received by the commonwealth at current tax rates. Cumulatively, they are referred to in this budget as “tax expenditures.”

The commonwealth’s tax structure contains many tax expenditures. Examples include items as diverse as the sales and use tax exemption for firewood to the S corporation exemption in the corporate net income tax. In general, they are characterized by the fact that they confer special treatment to specific taxpayers, specific activities, or specific goods or services. The tax expenditures listed in this budget are the accumulation of many prior legislative sessions, and the original intent of certain tax expenditures may no longer be valid or consistent with current policies. A comprehensive tax expenditure analysis permits an on-going evaluation of each tax expenditure.

Act 180 of 1992 revised the requirements for the Governor’s Executive Budget tax expenditure analysis. This act stipulated that the tax expenditure data be revised and updated every two years. Therefore, consistent with this provision, tax expenditures presented in this and subsequent budget documents will be updated and revised biennially. Exceptions include tax expenditures initiated, deleted, or amended by statute, expenditures where improved data allow significant revisions, or items of significant policy interest.

The 2012-13 Governor’s Executive Budget presents this tax expenditure analysis covering commonwealth taxes with annual receipts of at least \$20 million. A complete list of covered taxes is shown in the Table of Contents. The intended purposes of the current analyses are to:

- (1) Identify indirect sources of budgetary support for various activities
- (2) Present estimated costs associated with each tax expenditure
- (3) Present actual or estimated costs of administering each tax expenditure
- (4) Present actual or estimated numbers and descriptions of benefiting taxpayers
- (5) Allow for administration, legislative, and public scrutiny and facilitate discussion on each tax expenditure’s merits

For the purposes of this document, “tax expenditure” is defined as a reduction in revenue that would otherwise be collected by the commonwealth as the result of an exemption, reduction, deduction, limitation, exclusion, tax deferral, discount, refund, commission, credit, special rate, or special treatment. This definition provides a general framework within which to determine whether to classify certain items as tax expenditures. To facilitate this classification process, six specific criteria have been adopted to augment the general definition of tax expenditure:

- (1) Reduces state revenues
- (2) Confers special treatment
- (3) Is included in the defined tax base
- (4) Is not subjected to equivalent alternative taxation
- (5) Can be altered by a change in state law
- (6) Is not an appropriation

The following examples of several items not considered to be tax expenditures clarify the use of these criteria:

Purchases made by commonwealth agencies are not subject to sales and use tax. Were these transactions not exempted, tax revenues would increase but increased commonwealth expenses would offset revenues. Therefore, no net budgetary change occurs. This item is not a tax expenditure.

The exclusion of a sale for resale from sales and use tax is not considered a tax expenditure because the tax is imposed on each separate sale at retail of tangible personal property or services.

Financial institutions and insurance companies are exempted from corporate net income tax (CNIT) and capital stock / foreign franchise tax (CS/FT). However, these corporations are subject to alternative taxes: the bank and trust company shares tax, mutual thrift institutions tax, or insurance premiums tax. The exemption of these corporations from the CNIT and CS/FT is not in itself a tax expenditure; however, to the extent that those taxes may not impose proportionate tax burdens on the exempted companies, the overall tax structure may involve some indirect tax expenditure.

The pro rata exclusion of U.S. securities from the bank and trust company shares tax was a state legislative response to a federal prohibition against direct taxation of these obligations or income derived from them. As this cannot be altered by changing state law, this exclusion is not a tax expenditure.

There are three primary limitations on the tax expenditure estimates. First, estimated revenue foregone due to a tax expenditure should not be construed as the revenue that could be gained if the tax expenditure provision were to be rescinded in legislation. The impact of any particular piece of legislation will vary depending on how the bill is drafted, how its terms are defined, when it becomes effective, and how it relates to other parts of the tax law. In contrast, tax expenditure estimates are often based on concepts that are defined by the way that government statistics on the subject are made available to the Department. Furthermore, no attempt has been made to account for changes in taxpayer behavior that may occur because of tax law changes. For example, if the sales and use tax exemptions were rescinded for equipment and utilities directly used in manufacturing, it is possible that capital investment in manufacturing would be reduced and that these sales and use tax receipts would be less than the tax expenditure estimate.

A second limitation is that individual estimates are not additive. It is not always possible to estimate each tax expenditure with regard to interactions with other provisions of that tax or other taxes. For example, certain exempt items qualify under multiple tax expenditures. If gasoline were to be included in the sales and use tax base, agricultural, political subdivision, and manufacturing/processing use would continue to be exempt under other provisions. Therefore, no bottom line can be presented similar to that shown for total revenues or expenditures in the current Governor's Executive Budget.

Third, these estimates are, in many cases, necessarily derived from data completely independent of taxpayer returns. Minor differences in data collection techniques among the various data sources used could introduce a small element of error into the estimates. Thus, these estimates are intended to represent the magnitude of each tax expenditure, not to provide pinpoint accuracy.

All estimates appear in millions of dollars. The word "nominal" is used when the estimated impact is less than \$100,000. Estimates of revenue loss or beneficiary count and description that are not available are represented by "NA." Costs incurred to administer tax expenditures are estimated by major tax category or, if available, by specific tax expenditure. Identified costs for a major tax category are provided at the beginning of the tax expenditure group. No administrative costs are reported for tax expenditures that provide incentives to implement or continue programs that replace or supplement efforts that would otherwise be the responsibility of state government.

This analysis is a general guide to tax expenditures in Pennsylvania. It is not intended to be a tax manual, and statements within it should not be construed as interpretations of the law or regulations.

CREDIT PROGRAMS

NEIGHBORHOOD ASSISTANCE PROGRAMS

Authorization: Article XIX-A of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: A tax credit is available to banks, thrift institutions, title insurance and trust companies, insurance companies (other than foreign fire/casualty insurance companies), corporations doing business in Pennsylvania and subject to the corporate net income tax and the capital stock/foreign franchise tax, and pass-through entities. Pass-through entities that cannot use the credit may elect to transfer the credit to its shareholders, members or partners. Therefore, taxpayers may also apply the credit against personal income tax. Credits may also be sold or assigned to other taxpayers.

In order to qualify, the business entity must engage in certain assistance programs in impoverished areas or contribute to neighborhood organizations which provide such activities. The credit is allowed for neighborhood assistance, job training, education for individuals, community services, economic development, or crime prevention in an impoverished area. The program must be approved by the Secretary of Community and Economic Development.

The amount of credit awarded to a taxpayer is 55 percent of the amount contributed by a business firm, while the amount contributed to special program priorities as defined by the Department of Community and Economic Development regulations is 75 percent. For private companies, the amount is 25 percent of the amount of qualified investment, or 35 percent of the amount invested in special program priorities. A credit equal to 75 percent of the contributions made by a business firm during a taxable year for comprehensive service projects with a five-year commitment may be awarded. A credit equal to 80 percent of the contributions made by a business firm during a taxable year for comprehensive service projects with a six-year commitment may be awarded. The amount of the credits awarded annually cannot exceed \$500,000, for contributions or investments for single projects or \$1,250,000 for contributions or investments to four or more projects. The total amount of credits awarded to all taxpayers remains \$18 million in a fiscal year. However, \$2 million is to be allocated exclusively for pass-through entities. If the \$2 million is not used, then the unused portion is to be available for other taxpayers.

Act 48 of 2009 temporarily reduced the amount of tax credit that could be awarded per program in fiscal years 2009-10 and 2010-11 by 50 percent and 55 percent respectively.

The estimate for fiscal year 2010-11 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

Purpose: This program encourages taxpayers to contribute to neighborhood organizations and engage in activities that promote community economic development in impoverished areas.

Administrative Costs: Costs to administer the Neighborhood Assistance Program credits are borne by the Department of Community and Economic Development and the Department of Revenue. Estimated costs for both departments total \$0.3 million per year.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 5.1	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0

Beneficiaries: Approximately 380 companies and 85 individuals doing business in Pennsylvania benefit from this tax expenditure.

EMPLOYMENT INCENTIVE PAYMENTS

Authorization: Article XVII-A of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: Any bank, thrift institution, title insurance and trust company, or insurance company, as well as any corporation or person subject to the corporate net income tax or the personal income tax, employing persons formerly receiving welfare benefits, may claim an employment incentive payment as credit against any tax liability in selected taxes. The credit is for a portion of wages paid to a qualifying employee in the first three years of employment. Employment incentive payment credits are available for employees hired up to December 31, 2009. Additional credit is available for financing associated day care costs. Total employment incentive payment credits authorized cannot exceed \$25 million in any fiscal year. Act 48 of 2009 reduced the amount of tax credit that could be awarded per employer in fiscal years 2009-10 by 50 percent.

Purpose: This program provides tax relief to taxpayers that hire persons previously receiving aid to families with dependent children or classified as chronically or transitionally needy at the time of employment and reduces state aid payments to those individuals.

Administrative Costs: Costs to administer the Employment Incentive Payments Credit program are borne by the Department of Public Welfare, Department of Labor and Industry, and the Department of Revenue. Estimated costs for all departments total \$0.2 million per year.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.7	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

Beneficiaries: Employers of approximately 6,000 qualifying employees in Pennsylvania are expected to benefit from this tax expenditure.

JOB CREATION TAX CREDIT

Authorization: Article XVIII-B of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: A tax credit is available to businesses and individuals creating and sustaining jobs. The tax credit equals \$1,000 per job for each year in the approved term and may be applied to the corporate net income tax, capital stock/foreign franchise tax, insurance premiums tax, gross receipts tax, bank and trust company shares tax, mutual thrift institution tax, title insurance company shares tax, personal income tax, or any combination thereof. The total amount of funds for tax credits available in a year is \$22.5 million. Act 48 of 2009 reduced the amount of tax credit that could be awarded per job commitment in fiscal years 2009-10 and 2010-11 by 50 percent and 55 percent respectively. Act 26 of 2011 reduced the amount of tax credits that could be awarded in fiscal year 2011-12 and each year thereafter to \$10.1 million.

The estimate for fiscal year 2010-11 reflects actual credits awarded under the program for that period. The estimates for fiscal years 2011-12 forward reflect the program cap including the impact of Act 26 of 2011.

Purpose: This tax credit encourages job creation and preservation in the commonwealth.

Administrative Costs: Costs to administer the Job Creation Tax Credit are borne by the Department of Community and Economic Development and the Department of Revenue. Estimated costs for both departments total \$0.2 million per year.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 3.5	\$ 10.1	\$ 10.1	\$ 10.1	\$ 10.1	\$ 10.1	\$ 10.1

Beneficiaries: Approximately 125 companies and 125 individuals doing business in Pennsylvania benefit from this tax expenditure.

RESEARCH AND DEVELOPMENT TAX CREDIT

Authorization: Article XVII-B of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: Act 7 of 1997 established a Research and Development Tax Credit available equal to 10 percent of the increase in qualified research expenses for the current taxable year over a base period for all credits issued prior to December 2006. For credits issued beginning in December 2006, the credit equals 20 percent of the increase in qualified research expenses for the current taxable year over a base period for small businesses. The credit may be applied against the corporate net income tax, capital stock/foreign franchise tax, personal income tax, or any combination thereof, and are available for tax years ending on or before December 31, 2015. Unused credits may be carried forward fifteen taxable years, as well as be sold or assigned to other taxpayers.

Beginning in December 2007, total credits in any one fiscal year are capped at \$40 million, with \$8 million of the total earmarked exclusively for small businesses. Act 48 of 2009 reduced the amount of tax credit that could be awarded in fiscal years 2009-10 and 2010-11 to \$20.0 million and \$18.0 million respectively. Act 26 of 2011 increased the amount of tax credits that could be awarded in fiscal year 2011-12 and each year thereafter to \$55 million, while increasing the small business set aside to \$11 million.

The estimate for fiscal year 2010-11 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap including the impact of Act 26 of 2011.

Purpose: This tax credit is intended to encourage businesses in the commonwealth to conduct research, especially research of a technological or scientific nature.

Administrative Costs: Costs to administer the Research and Development Tax Credit are borne by the Department of Revenue and the Department of Community and Economic Development. Estimated costs for both departments total \$0.2 million per year.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 18.4	\$ 55.0	\$ 55.0	\$ 55.0	\$ 55.0	\$ 55.0	\$ 55.0

Beneficiaries: Approximately 490 companies performing qualified research and development in Pennsylvania benefit from this tax expenditure.

KEYSTONE OPPORTUNITY ZONE

Authorization: Act of October 6, 1998 (P.L. 702, No. 92), as amended.

Description: The Department of Community and Economic Development has designated specific areas of deteriorated property as Keystone Opportunity Zones (KOZs), Keystone Opportunity Expansion Zones, and Keystone Opportunity Improvement Zones. The program was last amended by Act 51 of 2003. This Act added a lease-based option allowing companies relocating within Pennsylvania to qualify for zone benefits.

Economic activity occurring in these zones is exempt from most local taxation for a period of up to fifteen years beginning with the creation of the particular zone. In addition to benefiting from a limited state sales and use tax exemption, zone residents and qualified businesses are exempt from the following state taxes: personal income, corporate net income, capital stock/foreign franchise, bank shares, and mutual thrift institutions taxes. In addition, qualified businesses may receive credits against insurance premiums tax for jobs created in a zone. The tax expenditure is the value of all the credits and the state taxes waived within the zone.

Act 72 of 2008 granted KOZs that are set to expire within the next five to ten years the option of extending their associated benefits for seven to ten years. Act 72 of 2008 also allows the department of Community and Economic Development to designate up to fifteen additional KOZs beginning in January 1, 2010. Under this legislation, contractors, pursuant to a contract with a qualified business, landowner or lessee, may purchase, exempt from sales and use tax any tangible personal property or services for use in the zone by the qualified business.

Furthermore, the formula for calculating the taxable income of a corporation in a zone is now based only on the payroll and property factors under Act 72. The sales factor has been eliminated from the calculation.

Purpose: This program provides tax relief to economically distressed urban and rural communities in an attempt to revive these areas.

Administrative Costs: Costs to administer the Keystone Opportunity Zone program are borne by the Department of Revenue and the Department of Community and Economic Development. Estimated costs for both departments total \$0.5 million annually.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 29.3	\$ 29.2	\$ 24.2	\$ 21.8	\$ 19.9	\$ 20.1	\$ 19.5

Beneficiaries: Qualified businesses and residents of the designated zones within this commonwealth benefit from this tax expenditure.

COAL WASTE REMOVAL AND ULTRACLEAN FUELS TAX CREDIT

Authorization: Article XVIII-A of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: A tax credit is available for qualifying capital expenditures on facilities producing fuels from coal, culm, or silt. The credit can be used against sales and use tax, corporate net income tax, and capital stock/foreign franchise tax. Unused credits may be sold or assigned to other taxpayers. The total cost of the credit is capped at \$18 million per year. The tax credit will expire for any construction of a plant after January 1, 2013.

Purpose: This tax credit provides an incentive for taxpayers to develop facilities dedicated to the production of synthetic fuels within this commonwealth while removing coal waste from the environment.

Administrative Costs: Costs to administer the Coal Waste Removal and Ultraclean Fuels Tax Credit are borne by the Department of Revenue and are considered to be nominal.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.0	\$ 0.0	\$ 0.0	\$ --	\$ --	\$ --	\$ --

Beneficiaries: A minimal number of corporate taxpayers are expected to benefit from this credit program.

EDUCATIONAL IMPROVEMENT TAX CREDIT

Authorization: Article XVII-F of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: A tax credit is available to banks, thrift institutions, title insurance and trust companies, and insurance companies, as well as corporations doing business in Pennsylvania and subject to the corporate net income tax and the capital stock/foreign franchise tax, that contribute to nonprofit scholarship organizations or educational improvement organizations approved by the Department of Community and Economic Development (DCED). The tax credit is granted to business firms providing proof of a contribution to a scholarship organization or an educational improvement organization equal to 75 percent of the total amount contributed during the taxable year. The tax credit must be applied in the taxable year the contribution is made. Any unused portion of the tax credit may not be carried forward or back, nor is it refundable or transferable. A tax credit equal to 90 percent of the total amount contributed is granted if the business provides a written commitment to DCED to contribute the same amount for two consecutive tax years. The tax credit shall not exceed the tax liability of a business for any given taxable year.

Act 61 of 2008 increased the annual limit per taxpayer from \$200,000 to \$300,000 for scholarship and education improvement organizations and increased the annual credit limit for contributions to pre-kindergarten scholarship organizations from \$100,000 to \$150,000. Act 61 also provided that S corporations and other pass-through entities are eligible for the program.

Through fiscal year 2002-03, the total amount of tax credits approved for all taxpayers was limited to \$30 million in a fiscal year, with \$20 million for contributions to scholarship organizations, and \$10 million for contributions to educational improvement organizations. Beginning in fiscal year 2003-04, the total amount of tax credits approved for all taxpayers cannot exceed \$40 million in a fiscal year, with \$26.7 million for contributions to scholarship organizations and \$13.3 million for contributions to educational improvement organizations. Beginning in fiscal year 2004-05, an additional \$5.0 million per fiscal year is available for contributions to pre-kindergarten scholarship organizations. Beginning in fiscal year 2005-06, the cap on credits awarded increased to \$44 million per fiscal year, including \$29.3 million for contributions to scholarship organizations and \$14.7 million for contributions to educational improvement organizations. Beginning in fiscal year 2008-09, the cap on credits awarded increased to \$75 million per fiscal year, including \$44.7 million for scholarship organizations, \$22.3 million for contributions to educational improvement organizations, and \$8.0 million for contributions to pre-kindergarten scholarship organizations. Act 48 of 2009 reduced the amount of tax credit that could be awarded in fiscal years 2009-10 and 2010-11 to \$60.0 million and \$50 million respectively. Act 46 of 2010 increased the cap to \$60 million for fiscal year 2010-11. The estimate for fiscal year 2010-11 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

Purpose: This program encourages taxpayers to contribute to scholarship organizations or educational improvement organizations in order to promote expanded educational opportunities for students in the commonwealth.

Administrative Costs: Costs to administer the Educational Improvement Tax Credit program are primarily borne by the Department of Community and Economic Development along with the Department of Revenue and the Department of Education. Estimated costs for all departments total \$0.2 million per year.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 62.0	\$ 75.0	\$ 75.0	\$ 75.0	\$ 75.0	\$ 75.0	\$ 75.0

Beneficiaries Approximately 2,260 companies, 1,720 individuals, and 910 scholarship organizations, educational improvement organizations, and pre-kindergarten scholarship organizations benefit from this tax expenditure.

KEYSTONE INNOVATION ZONE

Authorization: Act of February 12, 2004 (P.L. 99, No. 12).

Description: Act 12 of 2004 created the Keystone Innovation Zone (KIZ) program to foster growth in targeted industry segments, namely research and development and other high technology businesses. The zones are defined parcels operated by a partnership of business groups and institutions of higher education.

Qualified businesses operating in a zone are entitled to priority consideration for assistance under a number of state programs, as well as a tax credit. A KIZ company may apply to the Department of Community and Economic Development for a tax credit equal to 50 percent of the increase in its gross revenues from the previous year attributable to its activities in a zone. A KIZ company may not claim in excess of \$100,000 in tax credit per year. No more than \$25 million in tax credits may be awarded in any taxable year.

KIZ companies may apply KIZ tax credits against personal income tax, corporate net income tax, or capital stock/foreign franchise tax liabilities.

KIZ companies may apply for KIZ tax credits beginning September 15, 2006, based on expenses from the prior taxable year. The Department of Community and Economic Development began awarding credits during fiscal year 2006-07. The estimate for fiscal year 2010-11 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap.

Purpose: This tax credit provides a financial incentive to foster growth of research and development and other high technology businesses in affiliation with institutions of higher education.

Administrative Costs: Cost to administer the KIZ program, including the review and award of KIZ tax credits, are borne by the Department of Community and Economic Development. The Department of Revenue is responsible for applying credits to taxpayer accounts. Estimated costs for both departments total \$0.2 million per year.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 10.0	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0	\$ 25.0

Beneficiaries: Approximately 150 taxpayers will benefit from this expenditure.

FILM PRODUCTION TAX CREDIT

Authorization: Article XVII-D of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: Act 95 of 2004 created a tax credit equal to 20 percent of qualified film production expenses incurred in Pennsylvania after June 30, 2004. Under Act 95, the total amount of tax credits that could be awarded in any fiscal year was \$10 million. Beginning in fiscal year 2006-07, the credit program was replaced with a grant program.

Act 55 of 2007 created a new film tax credit in the amount of 25 percent of qualified film production expenses incurred in Pennsylvania after fiscal year 2006-07. The tax credit may be used to offset capital stock/foreign franchise tax, corporate net income tax, or personal income tax. To qualify, the expenses must have been incurred in the production of a film, television commercial, or certain television shows intended for a national audience. At least 60 percent of total production expenses must have been incurred in Pennsylvania.

Under Act 55, the total amount of tax credits that can be awarded in any fiscal year is \$75 million. Act 48 of 2009 reduced the amount of tax credits that could be awarded in fiscal years 2009-10 and 2010-11 to \$42 million and \$60 million respectively. Act 26 of 2011 reduced the amount of tax credits that could be awarded in fiscal year 2011-12 and each year thereafter to \$60 million.

The estimate for fiscal year 2010-11 reflects actual credits awarded under the program for that period. The estimates for future fiscal years reflect the program cap including the impact of Act 26 of 2011.

Purpose: This tax credit provides an incentive for filmmakers to produce films and television shows in Pennsylvania.

Administrative Costs: The Department of Community and Economic Development will incur the costs of awarding, reviewing, and approving the sale or transfer of credit. Annual administrative costs are expected to total \$0.1 million.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 60.0	\$ 60.0	\$ 60.0	\$ 60.0	\$ 60.0	\$ 60.0	\$ 60.0

Beneficiaries: Approximately 80 film projects will benefit from this expenditure.

ORGAN AND BONE MARROW DONOR TAX CREDIT

Authorization: Act 65 of July 2, 2006

Description: Act 65 of 2006 created the Organ and Bone Marrow Donor Tax Credit for business firms subject to personal income tax, corporate net income tax, capital stock/franchise tax, bank and trust company shares tax, title insurance companies shares tax, or mutual thrift institutions tax. The amount of the credit is equal to the employee compensation paid during the leave of absence, the cost of temporary replacement help, and any miscellaneous expenses authorized by regulation incurred with the leave of absence period. Credits cannot be applied against employer withholding tax under Article III. Credits can be carried forward for three taxable years; however, they cannot be carried back to previous taxable years, and they are not refundable. The credit against personal income tax may be passed through proportionately to the shareholders of S corporations, members of limited liability companies, or partners. The tax credit shall apply to tax years commencing on or after January 1, 2006, through any year commencing within 2010. Carryover credits may be used after 2010.

Purpose: The purpose of these provisions is to create a greater willingness to donate organs and/or bone marrow through employer tax credits and public education.

Administrative Costs: Costs to administer the Organ and Bone Marrow Tax Credit program are borne by the Department of Revenue. Estimated costs are expected to total \$0.1 million per year.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.0	\$ 0.0	\$ 0.0	\$ --	\$ --	\$ --	\$ --

Beneficiaries: A minimal number of taxpayers will benefit from this tax expenditure.

ALTERNATIVE ENERGY PRODUCTION TAX CREDIT

Authorization: Act 1 of the Special Session of July 9, 2008

Description: Act 1 of the Special Session of 2008 created the Alternative Energy Production Tax Credit. Taxpayers that develop or construct energy production projects located within the commonwealth, which have a useful life of at least four years, may apply to the Department of Environmental Protection for a tax credit beginning in September 2009. The amount of the tax credit may be up to 15 percent of the amount paid for the development and construction of alternative energy production projects but may not exceed \$1 million per taxpayer. Unused portions of the tax credit may be carried forward for up to five taxable years from the year in which the credit is awarded. Credits may not be carried back. Additionally, taxpayers may sell or assign unused portions of the tax credit upon approval by the Department of Revenue and the Department of Environmental Protection. The total amount of tax credit that can be awarded is from \$2 million to \$10 million per fiscal year depending on the fiscal year. Act 48 of 2009 prohibits that any amount of tax credit be awarded in fiscal years 2009-10 and 2010-11. The estimates for future fiscal years reflect the program cap.

Purpose: The purpose of this tax credit is to create an incentive to develop alternative energy sources within the Commonwealth.

Administrative Costs: Costs to administer the Alternative Energy Production Tax Credit program are borne by the Department of Environmental Protection and the Department of Revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ --	\$ 5.0	\$ 7.0	\$ 10.0	\$ 10.0	\$ 2.0	\$ 0.0

Beneficiaries: An unknown number of taxpayers will benefit from this tax expenditure.

STRATEGIC DEVELOPMENT AREAS

Authorization: Act 151 of November 20, 2006

Description: The Strategic Development Areas (SDA) program was established in 2006 to provide incentives for economic development in designated areas. Act 151 of 2006 created the program to provide tax relief and tax credits to qualified companies within the SDA. The designation would be effective for a 15-year period and must be approved by the political subdivision in which it is located. By waiving these taxes for a series of years, the program hopes to foster growth in those areas. The Department of Community and Economic Development administers the program for the commonwealth.

Among the state taxes waived by the program are corporate net income, capital stock/foreign franchise, and personal income. Insurance companies and certain regulated transportation companies may earn tax credits based on the number of jobs created in a zone. Businesses operating in a zone are exempted from paying sales and use taxes on items purchased for consumption in the area. At the local level, property taxes, earned income and net profit taxes, mercantile license tax, and local sales and use tax are waived for area businesses. Tax benefits may not extend beyond December 31, 2022.

Purpose: This program provides incentives for economic development in designated areas to foster growth.

Administrative Costs: Costs to administer the Strategic Development Areas program are borne by the Department of Community and Economic Development and the Department of Revenue. Estimated costs for both departments total \$0.1 million per year.

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	(Dollar Amounts in Millions)		<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.0	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: A minimal number of taxpayers are expected to benefit from this credit program.

RESOURCE ENHANCEMENT AND PROTECTION TAX CREDIT

Authorization: Article XVII-E of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Description: Act 55 of 2007 created the Resource Enhancement and Protection (REAP) Tax Credit to encourage the development of riparian forest buffers and the remediation of legacy sediment on commonwealth farmland. Depending on the type of development, a taxpayer may receive a credit of up to 75 percent of cost of a project. A maximum of \$150,000 in tax credits may be awarded per eligible applicant, and the total amount of credits awarded in one fiscal year cannot exceed \$10 million. The tax credit may be used against personal income tax, corporate net income tax, capital stock/foreign franchise tax, bank shares tax, title insurance company premiums tax, insurance premiums tax, and mutual thrift institutions tax. Credits for legacy sediment cannot be issued prior to July 1, 2008. Credits will first be awarded in fiscal year 2007-08. Act 48 of 2009 reduced the amount of tax credits to be awarded in fiscal years 2009-10 and 2010-11 by 50 percent and 55 percent respectively.

The estimate for fiscal year 2010-11 reflects actual credits awarded under the program for that period. The estimates for fiscal years reflect the program cap.

Purpose: This credit encourages private investment in the implementation of best management practices on agricultural operations, the planting of riparian forest buffers, and the remediation of legacy sediment.

Administrative Costs: Costs to administer the REAP Tax Credit are borne by the State Conservation Commission and the Department of Revenue. Estimated costs total \$0.1 million per year.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 2.6	\$ 10.0	\$ 10.0	\$ 10.0	\$ 10.0	\$ 10.0	\$ 10.0

Beneficiaries: Approximately 90 businesses and 275 individuals will benefit from this tax expenditure.

KEYSTONE SPECIAL DEVELOPMENT ZONE TAX CREDIT

Authorization: Act 26 of 2011

Description: Act 26 of 2011 created the Keystone Special Development Zone Tax Credit. The tax credit is available only to taxpayers with operations located on parcels of real property certified as Brownfields pursuant to the Land Recycling and Environmental Remediation Standards Act. The tax credit is equal to \$2,100 for each full-time equivalent employee working in the zone beginning in tax year 2012. The tax credit is available for ten consecutive tax years during the fifteen year period the tax credit will be in existence, ending June 30, 2026. The tax credit may not exceed the qualified tax liability and may be carried forward for up to ten years. Jobs used to claim this tax credit may not be used to claim the Keystone Opportunity Zone Tax Credit or the Job Creation Tax Credit. The tax credit can be used against the Personal Income Tax, Corporate Net Income Tax, Capital Stock and Franchise Tax, Bank Shares Tax, Title Insurance Tax, Insurance Premiums Tax and Gross Receipts Tax. Unused tax credits can be sold or assigned.

Purpose: This tax credit is intended to encourage businesses in the commonwealth to invest in remediated industrial sites and create jobs.

Administrative Costs: Costs to administer the Keystone Special Development Zone Tax Credit are borne by the Department of Revenue and the Department of Community and Economic Development.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: An unknown number of taxpayers will benefit from this tax expenditure.

CORPORATION TAXES

Administrative Costs: Costs to administer various tax expenditures associated with the corporation taxes cannot be separately identified. Tax expenditures are a significant factor associated with the need for more compliance audits and increased complexity of such audits as well as legal rulings, pronouncements, and bulletins. Tax expenditures also contribute significantly to the tax appeals process.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Corporate Net Income Tax and Capital Stock/Foreign Franchise Tax:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 2.6	\$ 2.5	\$ 2.6	\$ 2.7	\$ 2.8	\$ 2.8	\$ 2.9
	Selective Business Taxes:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

CORPORATE NET INCOME TAX

Authorization: Article IV of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The Pennsylvania corporate net income tax is imposed on domestic and foreign corporations for the privilege of doing business, carrying on activities, having capital or property employed or used, or owning property in Pennsylvania. Certain corporations are exempt from the tax.

The tax is based on federal taxable income before net operating loss deduction and special deductions (line 28 of page 1 of federal IRS form 1120) modified by additions and subtractions to arrive at Pennsylvania taxable income. Taxes based on income and certain tax items are added back to federal taxable income. The tax rate is 9.99 percent for tax years 1995 and thereafter.

Any deductions, exemptions, or types of special treatment that are reflected in line 28 on the IRS form 1120, and not modified or adjusted by Pennsylvania statute, are not included below.

NONPROFIT CORPORATIONS

Description: Nonprofit corporations are exempt from the corporate net income tax. Act 7 of 1997 provided that any nonprofit corporation or entity that is an exempt organization as defined by section 501 of Internal Revenue Code of 1986 (P.L. 99-514, 26 U.S.C.) is exempt from the corporate net income tax. Corporations organized as a nonprofit but not operating as a nonprofit are excluded from this exemption. Act 4 of 1999 provided that insurance and travel agency activities carried on by an auto club are subject to the corporate net income tax. The same act restored exempt status to homeowners associations and membership organizations. The estimates below are based on unrelated business income taxed by the federal government.

Purpose: This exemption provides tax relief to nonprofit corporations including religious, charitable, educational, and scientific organizations that are perceived as providing social benefits.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 44.8	\$ 44.5	\$ 44.3	\$ 44.1	\$ 43.9	\$ 43.7	\$ 43.5

Beneficiaries: Approximately 2,200 nonprofit corporations operating in Pennsylvania with unrelated business income benefit from this tax expenditure.

SALES FACTOR APPORTIONMENT WEIGHT

Description: Beginning in tax year 1995, corporations apportioned their net income using a three-factor formula (payroll, property, and sales) that double-weighted the sales factor. The sales factor in the numerator of the corporate net income tax apportionment formula was multiplied by two and the denominator was four. Act 4 of 1999 provided for the sales factor to be triple-weighted beginning in tax year 1999. Therefore, the sales factor in the numerator is multiplied by three and the denominator is five. Act 116 of 2006 provided for the sales factor to be weighted 70 percent of the total beginning in tax year 2007. Therefore, the sales factor in the numerator is multiplied by 70, the property and payroll factors are multiplied by 15, and the denominator is 100. Act 48 of 2009 provided for the sales factor to be weighted 83 percent of the total beginning in tax year 2009. The sales factor in the numerator is multiplied by 83 percent, the property and payroll factors are multiplied by 8.5 percent and the denominator is 100. For tax year 2010 and beyond the sales factor will be weighted as 90 percent of the total. The sales factor in the numerator is multiplied by 90 the property and payroll factors are multiplied by 5 and the denominator is 100.

Purpose: Corporations with a higher percentage of property and payroll invested in Pennsylvania (compared to their percentage of sales in Pennsylvania) will have less taxable income apportioned to the commonwealth. Therefore, those corporations will have a reduced tax burden. This encourages business investment in Pennsylvania in the form of property and employment.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 172.2	\$ 202.7	\$ 217.7	\$ 221.7	\$ 223.2	\$ 224.3	\$ 225.4

Beneficiaries: More than 33,200 corporations are affected by this expenditure. Of those, 12,000 benefit (i.e., have their taxable income reduced) from the expenditure. The estimates shown above reflect the net impact and represent the change in corporate net income tax from corporations who have their taxable income reduced, as well as the impact on corporations that have their taxable income increased as a result of this tax expenditure.

FICA TAX ON TIPS

Description: Eating and drinking establishments can claim a deduction from their Pennsylvania taxable income equal to the amount of FICA (Federal Insurance Contributions Act) tax on employees' tips.

Purpose: This deduction corrects for a change in federal law. In 1993, a credit for the amount of FICA tax paid on employees' tips was created in the Internal Revenue Code. Taxpayers taking the federal credit may not also take a deduction for tax paid. Pennsylvania does not permit the credit and instead allows this additional deduction from federal taxable income.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 2.4	\$ 2.4	\$ 2.5	\$ 2.5	\$ 2.6	\$ 2.6	\$ 2.7

Beneficiaries: Approximately 2,000 taxpayers representing eating and drinking establishments could benefit from this tax expenditure.

NET OPERATING LOSS CARRYFORWARD

Description: Corporations may deduct from current taxable income the net losses from previous years to arrive at their tax liability.

Act 45 of 1998 increased the three-year carryforward period to ten years for tax years 1995 and thereafter. This act provided a phase-in schedule of net loss deductions making the first ten-year carryforward available in tax year 2005. Suspended losses from 1988 through 1994 could be used variously against 1995 through 1997 tax years. Act 4 of 1999 increased the annual cap on deductions to \$2 million in each of the ten years following the loss, effective January 1, 1999. Act 89 of 2002 increased the ten-year carryforward period to twenty years for losses incurred in the 1998 taxable year and thereafter. Act 116 of 2006 increased the annual cap on deductions to \$3 million or 12.5 percent of taxable income, whichever is greater, in each of the twenty years following the loss, effective January 1, 2007. Act 48 of 2009 increased the annual cap on deductions for tax year 2009 to \$3 million or 15% of taxable income, whichever is greater, in each of the twenty years following the loss, effective January 1, 2009. For tax year 2010 and beyond, the annual cap on deductions is amended to \$3 million or 20% of taxable income, whichever is greater, in each of the twenty years following the loss.

Purpose: This deduction reduces the tax burden for a period of time after an operating loss period thereby aiding a corporation that has returned to economic viability as measured by taxable income.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 243.7	\$ 277.8	\$ 314.7	\$ 344.8	\$ 373.4	\$ 401.8	\$ 437.1

Beneficiaries: Approximately 20,700 businesses per year benefit from this tax expenditure.

NON-PROFIT NONSTOCK COMMODITY OR STOCK EXCHANGE

Description: Act 40 of 2005 excluded non-profit nonstock commodity or stock exchanges from the definition of a corporation for corporate net income tax purposes. This provision applies retroactively to taxable years beginning after December 31, 1997.

Purpose: This exemption provides tax relief for non-profit nonstock commodity or stock exchanges.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: A minimal number of corporate taxpayers benefit from this tax expenditure.

PENNSYLVANIA S CORPORATIONS

Description: Corporations with a valid Pennsylvania S corporation election in effect for the taxable year are subject to corporate net income tax only to the extent that they have net recognized built-in gains. Pennsylvania S corporation shareholders must include their distributive share of Pennsylvania S corporation income for Pennsylvania income tax purposes. The tax expenditure is the difference between what is paid by the shareholders under the personal income tax and what the corporations would have paid had they been fully subject to the corporate net income tax. Act 7 of 1997 provided conformity with the federal Small Business Job Protection Act of 1996 by allowing an increase in the number of shareholders from 35 to 75, effective January 1, 1997. Act 7 also permitted S corporations to have qualified subsidiaries. The subsidiary can be either an S or a C corporation. Act 4 of 1999 eliminated the 25 percent passive income test and waived the five-year waiting period with respect to corporations whose S election was terminated for exceeding the passive income limitation. Act 67 of 2006 requires a federal S corporation to be a PA S corporation unless it files an election. If a small corporation opts out, then its choice shall remain in effect for five years. The Act also links the Pennsylvania definition of an S corporation more closely to the federal law, permitting Pennsylvania S corporations to have as many as 100 unrelated shareholders (formerly 75).

Purpose: Sub-chapter S corporations are closely-held corporations and are believed to be major job creators. This provision allows tax treatment that is similar to that of the Internal Revenue Service and most other states for these businesses.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 663.4	\$ 705.8	\$ 738.9	\$ 745.5	\$ 746.6	\$ 745.8	\$ 744.8

Beneficiaries: Approximately 168,500 sub-chapter S corporations doing business in Pennsylvania could benefit from this tax expenditure.

LIMITED LIABILITY COMPANIES (LLCs)

Description: Limited liability companies (LLCs) are hybrid business entities that combine the corporate characteristic of limited liability for all owners (members) with the tax treatment of a partnership. LLCs that are not taxed as corporations for federal purposes are exempt from the Pennsylvania corporate net income tax. Act 45 of 1998 clarified that LLCs and business trusts classified by the federal government as “disregarded entities” are not subject to the Pennsylvania corporate net income tax. Members of the LLC must include their share of the LLC’s income for Pennsylvania personal income tax purposes or corporate net income tax (if a corporate member). The tax expenditure is the difference between what is paid by the members under the personal income tax and corporate net income tax and what the LLC entities would have paid under the corporate net income tax. Act 124 of 1998 provided that a bank or banking organization may organize as an LLC for the sole purpose of marketing and selling title insurance. An insurance agency may also be organized as an LLC.

Purpose: LLCs are a preferred type of business entity for start-up companies. They combine the limited liability of a corporation with the flexibility of a partnership. This provision allows tax treatment that is similar to that of the Internal Revenue Service and most other states for these businesses.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 472.0	\$ 513.3	\$ 540.4	\$ 554.5	\$ 565.8	\$ 576.6	\$ 587.0

Beneficiaries: As many as 147,000 companies doing business in Pennsylvania benefit from this tax expenditure.

POWDERED METALLURGY NEXUS

Description: Act 55 of 2007 created a nexus exemption for the out-of-state customers of Pennsylvania powdered metallurgy parts manufacturers. This nexus exemption applies retroactively to taxable years beginning after December 31, 2004, as well as taxable years to which there is an appeal prior to the effective date.

Purpose: This nexus exemption ensures that Pennsylvania powdered metallurgy parts manufacturers will not lose business due to a concern that out-of-state customers may be unduly subject to Pennsylvania taxation only for contracting with such a company.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5

Beneficiaries: A minimal number of corporate taxpayers benefit from this tax expenditure.

CAPITAL STOCK/FOREIGN FRANCHISE TAX

Authorization: Article VI of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The capital stock tax is a property tax imposed on every domestic corporation with capital stock, every joint-stock association and limited partnership, and every other company organized or incorporated in Pennsylvania. The franchise tax is a privilege tax imposed on foreign corporations, joint-stock associations, limited partnerships, and other companies doing business and liable for taxation within Pennsylvania or having capital or property employed or used in Pennsylvania. Certain corporations are exempt from these taxes, and some corporations are afforded special treatment.

The capital stock/foreign franchise tax is based on capital stock value which is defined as one-half of the sum of the average net income capitalized at the rate of 9.5 percent plus 75 percent of the net worth, less \$150,000. Act 67 of 2006 authorized the increase of the valuation deduction from \$125,000 to \$150,000. Act 89 of 2002 modified the Act 23 of 2000 phase-out schedule by reducing the 2001 rate to 7.24 mills in 2002, further reducing the rate to 6.99 mills in 2003, and by reducing the rate by 1 mill per year thereafter until the tax is eliminated. Act 89 of 2002 also suspended the automatic transfer of 0.25 mill of the tax to the Hazardous Sites Cleanup Fund (HSCF). Beginning in fiscal year 2002-03, the HSCF transfer will only occur if the balance in the HSCF is expected to fall below \$5 million. Act 46 of 2003 further modified the phase-out schedule by setting the 2003 rate to 7.24 mills, the 2004 rate to 6.99 mills, and then reducing the rate by 1 mill per year thereafter until the tax is eliminated. Act 67 of 2006 modified the Act 46 of 2003 phase-out schedule by reducing the 2006 rate to 4.89 mills, and then reducing the rate by 1 mill per year until the tax was to be eliminated for all tax years beginning after December 31, 2010. Act 48 of 2009 modified the Act 67 of 2006 by freezing the rate of tax years 2009 through 2011 at 2.89 mills, and then reducing the rate by 1 mill per year beginning in tax year 2012 until the tax is eliminated for all tax years beginning after December 31, 2013.

Act 77 of 2007 amended the HSCF transfer, setting it at \$40 million per fiscal year, beginning in fiscal year 2008-09. The estimates in this analysis include only the General Fund portion of the tax and reflect the current phase-out of the tax.

Various types of assets are exempt from tax. The valuation of capital stock is not affected by these exemptions, but the exemptions are reflected in apportionment formulas used to compute the percentage of the capital stock value base actually subject to tax.

NONPROFIT CORPORATIONS

Description: Nonprofit corporations are exempt from the capital stock/foreign franchise tax. Act 7 of 1997 provided that any nonprofit corporation or entity that is an exempt organization as defined by section 501 of Internal Revenue Code of 1986 (P.L. 99-514, 26 U.S.C.) is exempt. Act 4 of 1999 provided that insurance and travel agency activities carried on by an auto club are subject to the capital stock/foreign franchise tax. The same act restored exempt status to homeowners associations and membership organizations. The estimates below are based on unrelated business income taxed by the federal government.

Purpose: This exemption provides tax relief to nonprofit corporations including religious, charitable, educational, and scientific organizations that are perceived as providing social benefits.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 10.3	\$ 9.6	\$ 6.9	\$ 3.5	\$ 0.7	\$ 0.2	Nominal

Beneficiaries: Approximately 2,900 nonprofit corporations benefit from this tax expenditure.

FAMILY FARM CORPORATIONS

Description: Family farm corporations are exempt from the capital stock/foreign franchise tax. A family farm corporation is one that devotes at least 75 percent of its assets to agriculture and at least 75 percent of its stock is owned by members of the same family.

Act 45 of 1998 specifically defined LLCs and business trusts as corporations for capital stock/foreign franchise tax purposes. As a result, LLCs and business trusts are eligible for the family farm exemption, if appropriate.

Purpose: This exemption provides tax relief to family farm corporations thereby recognizing the importance of family-owned farms.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 700 family farm corporations operating in Pennsylvania could benefit from this tax expenditure.

ASSETS USED IN MANUFACTURING, PROCESSING, AND RESEARCH AND DEVELOPMENT

Description: Corporations (except those which enjoy the right of eminent domain, i.e., utilities) organized for manufacturing, processing, or research and development purposes may claim an exemption for capital stock invested in such activities within Pennsylvania. Pollution control assets are included for these corporations. This exemption is reflected in computing the percentage of the capital stock value actually subject to tax and applies to both single-factor and three-factor apportionment.

Act 63 of 1999 modified the manufacturing exemption by disallowing the exemption provided for manufacturing, processing, or research and development activities from the numerator of the sales factor and expanding the exemption by excluding property and payroll attributable to manufacturing, processing, or research and development activities outside of the commonwealth from the numerator of the property and payroll factors.

Purpose: This exemption encourages investment in manufacturing, processing, and research and development activities that improves the commonwealth's economic position.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 201.1	\$ 188.2	\$ 134.3	\$ 68.9	\$ 14.5	\$ 3.0	Nominal

Beneficiaries: Approximately 6,100 corporations operating in Pennsylvania benefit from this tax expenditure.

APPORTIONMENT FORMULA

Description: Corporations that have multistate operations have the option of using either a single-factor or a three-factor formula to compute the portion of the capital stock value that is subject to tax. The single-factor formula is based on the ratio of the book value of taxable assets to the book value of total assets. The three-factor formula is based on property, payroll, and sales within and without Pennsylvania. Historically, only domestic corporations were permitted to choose the single-factor apportionment method until the Pennsylvania Supreme Court ruled that foreign corporations must be allowed the same option.

Purpose: This option provides tax relief to those corporations with considerable tangible investment in the commonwealth and thereby encourages corporate investment in Pennsylvania.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 207.0	\$ 193.6	\$ 138.2	\$ 70.9	\$ 15.0	\$ 3.1	Nominal

Beneficiaries: Approximately 6,700 corporations doing business in Pennsylvania benefit from this tax expenditure.

POLLUTION CONTROL DEVICES

Description: Equipment, machinery, facilities, and other tangible property used during the tax year within Pennsylvania for water or air pollution control or abatement devices utilized for the benefit of the general public are exempt from the capital stock/foreign franchise tax. This exemption is reflected as an exclusion from the numerator of the single asset apportionment fraction or the numerator of the property factor when the three-factor apportionment formula is used. However, for manufacturing, processing, or research and development corporations, these assets are included as exempt equipment and shown in the expenditure for assets used in manufacturing, processing, and research and development.

Purpose: This exemption provides tax relief to corporations required to install pollution control devices and encourages investment in pollution control assets.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.1	\$ 0.1	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 30 companies doing business in Pennsylvania benefit from this tax expenditure.

DEDUCTION FROM THE FIXED FORMULA

Description: Act 48 of 2009 establishes that for tax years beginning in 2010 and thereafter, corporations may deduct \$160,000 from the capital stock value which is then subject to apportionment to determine the taxable base. The valuation deduction was \$150,000 for tax years 2007 through 2009. The valuation deduction for tax years 1997 through 2006 was \$125,000. The valuation deduction was \$100,000 for tax years 1995 and 1996.

Purpose: This exemption provides a tax-free portion of capital stock value for corporations, particularly beneficial to new businesses realizing little or no profit during their early years.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 46.7	\$ 43.5	\$ 30.6	\$ 15.2	\$ 2.9	\$ 0.5	Nominal

Beneficiaries: Approximately 255,700 corporations doing business in Pennsylvania benefit from this tax expenditure.

HOLDING COMPANIES

Description: Holding companies may elect, in lieu of a standard apportionment formula, a special apportionment formula that computes the taxable portion of capital stock value by taking 10 percent of the total capital stock value. The single-factor apportionment formula was used as the standard apportionment formula in the estimating process. Holding companies are corporations (1) which derive at least 90 percent of their income from stock or securities and the rendering of administrative or management services to subsidiary corporations and (2) whose assets are at least 60 percent comprised of securities or indebtedness of subsidiary corporations. Act 45 of 1998 clarified that limited liability companies and business trusts are eligible to receive holding company tax treatment.

Purpose: This special treatment is intended to provide tax relief to those holding companies with considerable intangible assets that otherwise are not exempt under the single assets apportionment fraction.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 135.3	\$126.6	\$ 90.4	\$ 46.4	\$ 9.8	\$ 2.0	Nominal

Beneficiaries: Approximately 750 companies doing business in Pennsylvania benefit from this tax expenditure.

REGULATED INVESTMENT COMPANIES/REAL ESTATE INVESTMENT TRUSTS

Description: Regulated investment companies (RICs) are subject to special valuation for capital stock/foreign franchise tax purposes. Their tax is computed by adding the net asset value multiplied by \$75 and divided by one million to the apportioned undistributed personal income multiplied by the personal income tax rate. Undistributed taxable personal income is apportioned to Pennsylvania by a fraction, the numerator of which is all income distributed during the taxable year to resident shareholders and the denominator of which is all income distributed to all shareholders.

There is a potential revenue loss from regulated investment companies and real estate investment trusts (REITs) organized as business trusts. These entities are not subject to capital stock/foreign franchise tax. No cost estimate is available.

There is also a potential revenue loss associated with corporations that conduct Pennsylvania business activity through an investment in business trust RICs, REITs, and certain other related entities. Generally, a corporation's interest in an entity that is not a corporation is considered to be a direct ownership interest in the assets of the entity rather than an intangible interest. Act 232 of 2002 created exceptions to this general rule for RICs, REITs, and certain other related entities that are organized as business trusts. No cost estimate is available.

Purpose: RICs are corporations that derive at least 90 percent of their income from dividends, interest, and gains on disposition of stock and securities. REITs are corporations that own real estate investments and must distribute at least 90 percent of their income as dividends. This special treatment provides tax relief to these companies thereby allowing them to earn higher rates of return on their investments that, in turn, are passed on to their shareholders. The higher earnings rates may result in higher investment in the economy that is channeled through these companies.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 1.5	\$ 1.4	\$ 1.0	\$ 0.5	\$ 0.1	Nominal	Nominal

Beneficiaries: At least 180 RICs, REITs, and other related entities doing business in Pennsylvania benefit from this tax expenditure. In addition, an unknown number of corporations may benefit from the provisions of Act 232 of 2002.

RESTRICTED PROFESSIONAL COMPANIES

Description: Restricted professional companies (RPCs) are limited liability companies (LLCs) performing restricted professional services. LLCs are hybrid business entities that combine the corporate characteristic of limited liability for all owners (members) with the tax treatment of a partnership. Restricted professional services include chiropractic, dentistry, law, medicine and surgery, optometry, osteopathic medicine, podiatry medicine, public accounting, psychology, and veterinary medicine. These types of businesses give members the protection of limited liability for the neglect of another member. RPCs are exempt from the capital stock/foreign franchise tax. However, an annual fee of \$380 per resident member is imposed under the Associations Code, \$25 of which is credited to the Corporation Bureau's restricted account. Act 67 of 2006 eliminated single member restricted professional companies from being subject to the capital stock and franchise tax unless they are classified as a corporation for federal income tax purposes, effective for tax years beginning after December 31, 2005.

The cost estimates shown below only reflect the cost of the single member RPC exemption.

Purpose: RPCs perform valuable professional services for citizens of the commonwealth.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 6.2	\$ 5.8	\$ 4.0	\$ 1.5	\$ 0.1	Nominal	Nominal

Beneficiaries: Approximately 4,600 companies doing business in Pennsylvania benefit from this tax expenditure.

EXEMPTION FOR STUDENT LOAN ASSETS

Description: Act 45 of 1998 provided that student loan related assets owned or held by a trust or other entity formed for the securitization of student loans are exempt from capital stock/foreign franchise tax. This provision is effective for tax years beginning on or after January 1, 1998.

Purpose: This program exempts student loan related assets held by loan securitization trusts from the capital stock/foreign franchise tax to conform with the commonwealth public policy of promoting higher education.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: A minimal number of business trusts and other entities formed for the securitization of student loan assets benefit from this tax expenditure.

FINANCIAL INSTITUTION BUSINESS TRUSTS

Description: Act 23 of 2000 created an exemption from tax for a domestic or foreign business trust that is created or managed by an entity subject to bank shares or mutual thrifts tax, or an 80 percent affiliate thereof. The trust must also be created and managed to facilitate the securitization of intangible assets. For federal tax purposes it is classified as a partnership or disregarded entity. This exemption applies to taxable years beginning after December 31, 1999.

Purpose: This exemption acts as an incentive for these trusts to form and operate in the commonwealth.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

NON-PROFIT NONSTOCK COMMODITY OR STOCK EXCHANGE

Description: Non-profit nonstock commodity or stock exchanges are excluded from the definition of a corporation for capital stock/foreign franchise tax purposes. This provision applies to taxable years beginning after December 31, 1997.

Purpose: This exemption provides tax relief for non-profit nonstock commodity or stock exchanges.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: A minimal number of corporate taxpayers benefit from this tax expenditure.

POWDERED METALLURGY NEXUS

Description: Act 55 of 2007 created a nexus exemption for the out-of-state customers of Pennsylvania powdered metallurgy parts manufacturers. This nexus exemption applies retroactively to taxable years beginning after December 31, 2004, as well as taxable years to which there is an appeal prior to the effective date.

Purpose: This nexus exemption ensures that Pennsylvania powdered metallurgy parts manufacturers will not lose business due to a concern that out-of-state customers may be unduly subject to Pennsylvania taxation only for contracting with such a company.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: A minimal number of corporate taxpayers benefit from this tax expenditure.

GROSS RECEIPTS TAX

Authorization: Article XI of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The gross receipts tax is imposed on the following companies conducting business in Pennsylvania: pipeline, conduit, steamboat, canal, slack water navigation and transportation companies; freight or oil transporters; telephone and telegraph companies; express service, palace car or sleeping car companies; and electric light, water power and hydroelectric energy companies and managed care organizations. The tax collected from managed care organizations is not deposited in the General Fund. Municipalities are entitled to exemptions.

A tax is levied at 50 mills on gross receipts from passengers, baggage, freight, and oil transported within the state; as well as intrastate and interstate telephone and telegraph messages transmitted on land line or cellular systems. A tax is levied at 44 mills on the sale of electric energy. The 44 mill tax rate on sales of electric energy was subject to change based on the revenue neutral reconciliation (RNR) tax rate calculated annually pursuant to Act 138 of 1996, which governs the restructuring of the electric utility industry in Pennsylvania. Act 89 of 2002 established the permanent RNR tax rate at 15 mills for tax years beginning January 1, 2003 and thereafter. The sale of natural gas was subject to the gross receipts tax before Act 4 of 1999 repealed these provisions, effective January 1, 2000.

MUNICIPALLY-OWNED PUBLIC UTILITIES

Description: Gross receipts of public utilities owned or operated by a municipality are exempt from tax to the extent the gross receipts are derived from business done inside the limits of the municipality. The figures for this expenditure are at the statutory utilities gross receipts tax rates applicable to the appropriate tax year.

Purpose: This tax relief encourages municipalities to develop and invest in public utility services and supplemental energy sources including cogeneration facilities. It also benefits residents to the extent the tax relief is reflected through lower utility rates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 11.9	\$ 12.2	\$ 12.6	\$ 13.0	\$ 13.3	\$ 13.8	\$ 14.2

Beneficiaries: The 35 municipally-owned utilities operating in the commonwealth benefit from this tax expenditure.

NUCLEAR GENERATING FACILITY DAMAGE

Description: Gross receipts derived from the sale of electricity by an electric light company which are attributable to the recovery of purchased energy costs, clean-up costs, and investment write-off costs due to damage to a nuclear generating facility are exempt from tax.

Purpose: This tax relief alleviates the financial hardship faced by the public utility as a result of damage caused by an accident or natural disaster. It also benefits consumers to the extent the tax relief is reflected in lower utility rates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: 65 electric suppliers could potentially benefit from this tax expenditure.

General Fund Tax Expenditures

ELECTRIC COOPERATIVES

Description: Gross receipts of electric cooperatives are exempt from the tax. The figures for this expenditure are at the statutory utility gross receipts tax rates applicable to the appropriate tax year.

Purpose: These cooperatives are nonprofit corporations organized to engage in rural electrification and are perceived to provide public benefit. This exemption permits this service to be rendered at a reduced cost to the rate payers.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 19.2	\$ 19.7	\$ 20.3	\$ 20.9	\$ 21.6	\$ 22.2	\$ 23.4

Beneficiaries: The 13 cooperatives in the commonwealth benefit from this tax expenditure.

PUBLIC UTILITY REALTY TAX

Authorization: Article XI-A of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The public utility realty tax (PURTA) is imposed on public utilities furnishing services under the jurisdiction of the Pennsylvania Public Utility Commission or a regulatory body of another state or the United States.

Act 4 of 1999 fundamentally overhauled PURTA for tax year 1998 and thereafter. The tax rate is annually calculated by the Department of Revenue in order to raise an amount of tax revenue equal to the realty tax equivalent. The commonwealth imposes this tax on public utility realty in lieu of local real estate taxes and distributes revenue to local taxing authorities based on the realty tax equivalent.

Beginning with PURTA tax year 1998, utilities are taxed on the basis of the property's fair market value, which is the local assessed value adjusted by the common level ratio. After December 31, 1999, assets used in the generation of electricity are excluded from the PURTA tax base and the realty tax equivalent.

For fiscal years prior to 2003-04, an additional 7.6 mills of the PURTA tax base was transferred to the Public Transportation Assistance Fund. Beginning in fiscal year 2003-04, the additional 7.6 mills of the PURTA tax base remains in the General Fund. The estimates in this portion of the analysis include the variable tax as well as the additional 7.6 mill levy.

PROPERTY SUBJECT TO LOCAL TAXATION

Description: Property subject to local real estate taxation under any law in effect on April 23, 1968, is excluded from the PURTA base.

Purpose: The Constitution of Pennsylvania was amended April 23, 1968, to provide for state taxation of public utility realty property; however, any law in effect which subjected real property of a public utility to local real estate taxation was left in full force. This provision prevents the double taxation of such property.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 2.6	\$ 2.7	\$ 2.8	\$ 2.9	\$ 3.0	\$ 3.1	\$ 3.2

Beneficiaries: The 315 public utilities could benefit from this tax expenditure.

EASEMENTS

Description: Easements or similar interests are excluded from the PURTA base. An easement is an interest in land owned by another entity that entitles the public utility company to limited use related to the provision of utility service.

Purpose: PURTA is intended as a tax on real property and not as a tax on property such as these rights.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 2.3	\$ 2.4	\$ 2.5	\$ 2.5	\$ 2.6	\$ 2.8	\$ 2.9

Beneficiaries: The 315 public utilities could benefit from this tax expenditure.

General Fund Tax Expenditures

RAILROAD RIGHTS-OF-WAY

Description: Railroad rights-of-way and superstructures thereon are excluded from the PURTA base. Railroad rights-of-way are limited ownership of land to be used exclusively for the provision of rail transportation service.

Purpose: PURTA is intended as a tax on real property and not as a tax on property such as these rights. This tax relief may encourage the development of our railroad network that benefits the economy.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 5.3	\$ 5.5	\$ 5.7	\$ 5.9	\$ 6.2	\$ 6.4	\$ 6.6

Beneficiaries: The 78 railroad public utilities could benefit from this tax expenditure.

SEWAGE SERVICES

Description: Public utilities furnishing sewage services are exempt from tax.

Purpose: This provides tax relief to companies that are in the business of sewage treatment and encourages investment in sewage treatment facilities that provide public environmental benefits. It also benefits consumers to the extent the tax relief is reflected in lower utility rates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 4.7	\$ 4.8	\$ 5.0	\$ 5.2	\$ 5.4	\$ 5.6	\$ 5.9

Beneficiaries: The 60 public utilities that provide sewage services benefit from this tax expenditure.

MUNICIPALITIES

Description: Municipalities or municipal authorities furnishing electric, natural gas, telephone, or water public utility services are exempt from tax.

Purpose: The realty used for municipally-furnished utility services is public property used for public purposes. Moreover, taxing such property would result in the municipal government funding the realty tax equivalent distributed to local taxing authorities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 2.9	\$ 3.0	\$ 3.1	\$ 3.2	\$ 3.3	\$ 3.5	\$ 3.6

Beneficiaries: The 500 municipal authorities and the 35 municipal public utilities benefit from this tax expenditure.

ELECTRIC GENERATION FACILITIES

Description: After December 31, 1999, land and improvements indispensable to the generation of electricity are subject to local real estate tax and are excluded from the PURTA tax base and the realty tax equivalent.

Purpose: Electric generation facilities were removed from the PURTA tax base because electric generation is no longer regulated as a public utility function. The electric competition statute, Act 138 of 1996, changed the definition of public utility, and generation facilities can be owned by unregulated entities. This exemption allows a level playing field for participants in electricity supply.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 21.3	\$ 22.1	\$ 22.9	\$ 23.8	\$ 24.8	\$ 25.7	\$ 26.8

Beneficiaries: The 22 electric utilities owning generating assets in Pennsylvania benefit from this tax expenditure.

TRANSITION CREDIT

Description: During the transition years 1998 through 2001, the liability of a public utility under PURTA is limited to 250 percent of its immediate prior year's liability with any reduction in the liability capped at \$100,000 per taxable year. The cost of the transition credit in current fiscal years depends on the calculation of the compensating adjustments for the affected tax years.

Purpose: The PURTA transition credit provides limited relief to taxpayers having a significant increase in their PURTA tax base as a result of Act 4 of 1999.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 70 taxpayers benefit from this tax expenditure.

INSURANCE PREMIUMS TAX

Authorization: Article IX of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The insurance premiums tax is imposed on domestic and foreign insurance companies that transact business in Pennsylvania. Certain types of insurance companies are exempt from the tax.

The tax is levied on gross premiums received from business done within Pennsylvania during each calendar year. A retaliatory tax is also imposed on taxable insurance companies incorporated in other states that impose a higher burden on Pennsylvania companies doing business there.

The basic tax rate is 2 percent of gross premiums plus any retaliatory tax. A 3 percent rate is imposed on insurance premiums for policies written with unlicensed insurers by a surplus lines agent. Marine insurance companies are subject to a 5 percent tax on their underwriting profits in lieu of the insurance premiums tax.

The estimates in this analysis include the full amount of revenues and the retaliatory charges that would be received from affected insurance companies.

MUTUAL BENEFICIAL ASSOCIATIONS

Description: Purely mutual beneficial associations, whose funds benefit members, families, or heirs and are made up entirely of member contributions and accumulated interest, are exempt from the insurance premiums tax. For the purpose of this tax expenditure, these associations are treated as life insurance companies.

Purpose: Mutual beneficial associations are charitable and benevolent organizations that provide life, accident, and health benefits for their members. The exemption indirectly benefits subscribers to the extent that it is reflected in reduced premiums.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 14.6	\$ 12.8	\$ 15.6	\$ 15.4	\$ 16.0	\$ 16.8	\$ 17.5

Beneficiaries: The 60 mutual beneficial associations doing business in Pennsylvania benefit from this tax expenditure.

NONPROFIT HOSPITAL AND MEDICAL CARE SERVICE ORGANIZATIONS

Description: Companies organized under the Nonprofit Hospital Plan Act (Act of June 21, 1937, P.L. 1948, No. 378) and the Nonprofit Medical, Osteopathic, Dental and Podiatry Service Corporation Act (Act of June 27, 1939, P.L. 1125, No. 399) are exempt from the insurance premiums tax. Those exempt include, for example, Capital Blue Cross, Hospital Service Association of Northeastern Pennsylvania, Highmark Inc., Geisinger Health Plan, and Inter-County Health Plan, Inc.

Purpose: These companies are deemed to be charitable and benevolent institutions that provide hospital and/or medical care to their subscribers. The exemption provides indirect tax relief to subscribers to the extent that it is reflected in lower premiums.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 104.2	\$ 114.1	\$ 119.6	\$ 128.4	\$ 134.4	\$ 140.7	\$ 149.4

Beneficiaries: The 14 nonprofit hospital and medical care service organizations doing business in Pennsylvania benefit from this tax expenditure.

EXTRAORDINARY MEDICAL BENEFIT

Description: An exemption is allowed for premiums collected by automobile insurance companies for optional extraordinary medical benefit coverage from \$100,000 to \$1,100,000. This exemption applies only to premiums collected in association with policies written after June 1, 1989.

Purpose: This exemption benefits private insurance companies that are required to provide the extraordinary medical coverage as a result of the repeal of Pennsylvania's Catastrophic Loss Trust Fund. This exemption also indirectly benefits subscribers to the extent that it is reflected in reduced premiums.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: The 810 automobile insurance companies licensed to do business in Pennsylvania may benefit from this tax expenditure.

LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION CREDIT

Description: A tax credit is available to companies that are members of the Pennsylvania Life and Health Insurance Guaranty Association. These companies may offset a proportionate part of assessment payments made to the association against the insurance premiums tax. The credit is for the portion of the assessment that is unrecoverable through premiums and must be taken over five years.

Purpose: The Pennsylvania Life and Health Insurance Guaranty Association protects policyholders and claimants by providing for the payment of benefits and the continuation of coverage under life, health, and accident, and annuity policies under certain circumstances. Members are assessed to provide funds to carry out the purpose of the association. This credit provides relief to member companies by allowing them to recoup a portion of their assessment payments in the form of tax credits. This credit also provides indirect relief to subscribers to the extent that lower premium rates are maintained.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The 449 life, accident, and health insurance companies doing business in Pennsylvania may benefit from this tax expenditure.

PROPERTY AND CASUALTY INSURANCE GUARANTY ASSOCIATION (PP&CIGA) CREDIT _____

Description: A tax credit is available to companies that are members of the Pennsylvania Property and Casualty Insurance Guaranty Association (PP&CIGA). Companies may claim a credit for assessments paid to the association in a calendar year that exceed one percent of gross premiums collected from policyholders. The credit must be taken proportionately over five years, beginning the year after the assessment is paid. This tax credit was enacted as part of Act 23 of 2000 to allow member companies to recoup a portion of assessments paid to the association in the form of tax credits.

Purpose: The Pennsylvania Property and Casualty Insurance Guaranty Association protects policyholders and claimants by providing for the payment of benefits and claims for property and casualty policies under certain circumstances. Members are assessed to provide funds to carry out the purpose of the association. This credit also provides indirect relief to property and casualty policyholders to the extent that lower premium rates are maintained.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	\$ 1.1	\$ 2.1	\$ 3.3	\$ 4.4

Beneficiaries: Approximately 1,000 property and casualty insurers doing business in Pennsylvania benefit from this tax expenditure.

BANK AND TRUST COMPANY SHARES TAX

Authorization: Article VII of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The bank and trust company shares tax is imposed on every bank and trust company having capital stock and doing business in Pennsylvania.

This tax is imposed annually on the value of shares as of January 1. The value of shares is a six-year average calculated by dividing the total number of shares into the average of each of the previous six years' quarterly average value of shares adjusted to exclude the value of United States obligations. The tax rate on the dollar value of each taxable share of stock is 1.25 percent.

GOODWILL DEDUCTION

Description: Act 55 of 2007 allows for goodwill generated by a combination to be subtracted from a bank's book value of total equity capital when calculating its shares history.

Purpose: This deduction is intended to avoid the artificial inflation of a bank's tax liability simply because it has combined with another bank.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 69.1	\$ 69.4	\$ 70.1	\$ 69.8	\$ 68.3	\$ 66.3	\$ 67.2

Beneficiaries: Any Pennsylvania bank involved in combination activity could benefit from this tax expenditure.

MUTUAL THRIFT INSTITUTIONS TAX

Authorization: Article XV of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The mutual thrift institutions tax is imposed on the net income of savings institutions, savings banks without capital stock, savings and loan associations, and building and loan associations conducting business in Pennsylvania.

The tax is based on net income determined in accordance with generally accepted accounting principles with the following major exceptions: income earned from United States obligations or Pennsylvania state and local obligations is excluded; the interest expense associated with tax exempt interest income is disallowed as a deduction; and net operating losses from previous years may be carried forward for a maximum of three years. Taxable net income is apportioned to Pennsylvania by a three-factor formula comprised of payroll, receipts, and deposits.

The current tax rate is 11.5 percent.

NET OPERATING LOSS CARRYFORWARD

Description: Thrift institutions may deduct from current taxable income the net losses from previous taxable years. A net loss for a taxable year may be carried over three years and must be carried to the earliest allowable tax year. There is no carryback of losses to prior years.

Purpose: This deduction reduces the tax burden for a period of time after an operating loss period thereby aiding the thrift institution after it has attained economic health as measured by its taxable income.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 1.2	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.3	\$ 1.3

Beneficiaries: The 138 mutual thrift companies could benefit from this tax expenditure.

CREDIT UNIONS

Description: Credit unions are exempt from taxation. The tax expenditure is determined by applying the appropriate mutual thrift institutions tax rate to their net earnings.

Purpose: Credit unions are cooperative associations incorporated to promote thrift and to provide a source of credit for their members. This program provides tax relief to credit unions as well as their members to the extent that it is reflected in higher rates earned on savings and lower rates charged for loans.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 17.3	\$ 18.8	\$ 20.5	\$ 22.3	\$ 24.2	\$ 26.4	\$ 28.7

Beneficiaries: The 559 state and federal credit unions operating in Pennsylvania benefit from this tax expenditure.

SALES AND USE TAX

Authorization: Article II of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Administrative Costs: Costs incurred to administer the multiple tax expenditures associated with the sales and use tax cannot be separately identified. Tax expenditures are a significant factor associated with the need for more compliance audits and the increased complexity of compliance audits. These audits contribute significantly to the volume of appeals processed by the Department of Revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 12.9	\$ 13.1	\$ 13.3	\$ 13.5	\$ 13.7	\$ 13.9	\$ 14.1

Beneficiaries: Information provided under the sales and use tax “Beneficiaries” heading represent an actual or estimated number and description of Pennsylvania residents, households, or businesses benefiting from that specific tax expenditure. An unreported number of non-Pennsylvania entities may also benefit from the tax expenditure.

GENERAL/PERSONAL EXPENDITURES

FOOD

Description: Generally food and beverages intended for human consumption are exempt from taxation. These foods may be purchased from a bakery, pastry shop, donut shop, delicatessen, grocery store, supermarket, farmer's market, convenience store, or vending machine. Sales of ready-to-eat foods are not exempt from tax and include the sale of meals, sandwiches, food from salad bars, hand-dipped or hand-served iced based products including ice cream and yogurt, hot soup, hot pizza and other hot food items, brewed coffee, and hot beverages. In addition, the exemption does not apply to soft drinks, alcoholic beverages, or food purchased from an establishment from which ready-to-eat food and beverages are sold.

Purpose: Food is considered to be a basic necessity of life. Additionally, this provision reduces the regressive nature of the tax and eases the tax burden on families who spend a disproportionate share of income on these products.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$1,179.4	\$1,223.6	\$1,257.4	\$1,289.6	\$1,322.9	\$1,356.2	\$1,388.5

Beneficiaries: Virtually all 5.0 million households benefit from this tax expenditure.

General Fund Tax Expenditures

CANDY AND GUM

Description: The purchase at retail or use of candy and gum, regardless of where sold, is exempt from taxation.

Purpose: Candy and gum are considered to be food. Exempting candy and gum regardless of where sold provides for uniformity in the taxation of these items.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 86.7	\$ 89.9	\$ 92.4	\$ 94.8	\$ 97.2	\$ 99.7	\$ 102.0

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

PERSONAL HYGIENE PRODUCTS

Description: The purchase at retail or use of disposable diapers, incontinence products, toilet paper, feminine hygiene products, toothpaste, toothbrushes, and dental floss are exempt from taxation.

Purpose: These products are considered essential for maintaining a basic standard of life.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 44.1	\$ 46.2	\$ 47.4	\$ 48.7	\$ 50.0	\$ 51.4	\$ 53.0

Beneficiaries: Virtually all 5.0 million households benefit from this tax expenditure.

NEWSPAPERS

Description: The purchase or use of newspapers or publications containing information of general interest and reports of current events that qualify as a "newspaper of general circulation qualified to carry a legal advertisement," not including magazines, is exempt from taxation.

Purpose: The purpose of this tax exemption is to encourage citizens to be well informed.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 24.6	\$ 23.0	\$ 22.2	\$ 21.6	\$ 21.1	\$ 20.7	\$ 20.4

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

MAGAZINES

Description: The purchase at retail or use of subscriptions for magazines is exempt from taxation. A “magazine” is a periodical published at regular intervals not exceeding three months and circulated among the general public. The exclusion includes any printed advertising material circulated with the periodical. This tax expenditure became effective July 1, 1994, under Act 48 of 1994.

Purpose: The purpose of this tax exemption is to encourage citizens to be well informed.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 9.5	\$ 9.8	\$ 10.0	\$ 10.2	\$ 10.4	\$ 10.5	\$ 10.7

Beneficiaries: Approximately 2.5 million households benefit from this tax expenditure.

CLOTHING AND FOOTWEAR

Description: The purchase at retail or use of wearing apparel, footwear, and other articles of clothing worn on the human body is exempt from taxation. Additionally, the purchase at retail or use of clothing patterns and other items that are to be a component part of clothing is exempt from tax. Accessories, ornamental wear, formal day or evening apparel, furs, and sporting goods are taxable.

Purpose: Clothing and footwear are considered essential for maintaining a basic standard of life. This provision reduces the regressive nature of the tax and eases the tax burden on families who spend a disproportionate share of income purchasing these products.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 758.3	\$ 777.7	\$ 785.2	\$ 790.9	\$ 802.4	\$ 819.5	\$ 838.4

Beneficiaries: Virtually all 5.0 million households benefit from this tax expenditure.

PRESCRIPTION DRUGS AND ORTHOPEDIC EQUIPMENT

Description: The purchase at retail or use of prescription drugs and orthopedic equipment is exempt from taxation. Such equipment includes crutches, wheelchairs, false teeth and dental materials, eyeglasses, artificial limbs and eyes, hearing devices, braces, and supports. Also included are devices to alleviate a physical incapacity such as a hospital bed or dialysis machine.

Purpose: Prescription drugs and orthopedic equipment are considered essential for maintaining a basic standard of life. This provision reduces the regressive nature of the tax and eases the tax burden on families who must spend a disproportionate share of income on these products.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 635.3	\$ 665.0	\$ 702.2	\$ 754.3	\$ 821.4	\$ 898.0	\$ 978.6

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

General Fund Tax Expenditures

NON-PRESCRIPTION DRUGS

Description: The purchase at retail or use of non-prescription drugs such as antiseptics, aspirin, milk of magnesia, castor oil, cold capsules, eyewashes, and vitamins is exempt from taxation.

Purpose: Non-prescription drugs are considered essential for maintaining a basic standard of life. This provision reduces the regressive nature of the tax and eases the tax burden on families who spend a disproportionate share of income on these products.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 96.2	\$ 100.8	\$ 106.5	\$ 114.5	\$ 124.8	\$ 136.6	\$ 149.1

Beneficiaries: Virtually all 5.0 million households benefit from this tax expenditure.

LIQUOR OR MALT BEVERAGE PURCHASED FROM RETAIL DISPENSER

Description: Alcoholic beverages purchased in a drinking place or bar are exempt from taxation. Purchases from a state liquor store or a beer distributor are taxed, despite the wholesale nature of a portion of these sales. The estimates represent the difference in the tax that would be collected at the retail level and the tax presently collected on the bulk sale.

Purpose: Taxing container sales rather than per drink sales reduces overall administrative and reporting burdens for vendors and audit efforts by the Department of Revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 132.1	\$ 137.8	\$ 141.4	\$ 144.5	\$ 148.3	\$ 152.8	\$157.7

Beneficiaries: Approximately 5.0 million people benefit from this tax expenditure.

CHARGES FOR RETURNABLE CONTAINERS

Description: Separately stated deposit charges for returnable containers are excluded from the purchase price and are exempt from taxation.

Purpose: Deposit charges usually represent a security in the event a container is not returned. For this reason, a true exchange of property is not considered to have occurred.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 8.1	\$ 8.3	\$ 8.4	\$ 8.6	\$ 8.8	\$ 9.0	\$ 9.2

Beneficiaries: Approximately 277,000 business establishments and an unknown number of households may benefit from this tax expenditure.

CASKETS AND BURIAL VAULTS

Description: The purchase or use of caskets, burial vaults, markers, cremation urns, and tombstones for human graves, including foundations, is exempt from taxation.

Purpose: These items are considered to be the final basic necessity of life. Additionally, this exemption reduces the regressive nature of the tax and eases the burden on low-income families.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 15.0	\$ 15.4	\$ 15.8	\$ 16.3	\$ 16.9	\$ 17.6	\$ 18.2

Beneficiaries: As many as 124,000 households benefit from this tax expenditure annually.

FLAGS

Description: The purchase or use of Pennsylvania and United States flags is exempt from taxation.

Purpose: The exemption of flags may be based on the perception that governmental support of national and state symbols is a worthy public policy objective.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 2.0	\$ 2.0	\$ 2.1	\$ 2.1	\$ 2.2	\$ 2.3	\$ 2.3

Beneficiaries: Approximately 2.5 million households and numerous businesses and organizations benefit from this tax expenditure.

TEXTBOOKS

Description: The purchase or use of textbooks for use in schools, colleges, and universities is exempt from taxation. The purchase must be on behalf of or through schools recognized by the Department of Education as institutions of learning.

Purpose: The education of the commonwealth's citizens is a major policy objective of state government. This exemption helps to reduce the overall cost of obtaining an education.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 26.3	\$ 27.3	\$ 27.9	\$ 28.4	\$ 28.9	\$ 29.2	\$ 29.5

Beneficiaries: As many as 757,800 college students may benefit from this tax expenditure.

General Fund Tax Expenditures

FOOD STAMP PURCHASES

Description: The purchase at retail or use of tangible personal property in accordance with the federal Food Stamp Act of 1977 is exempt from taxation. Primarily, exempt items are soft drinks, certain drink mixes, vegetable and fruit seeds and plants, and certain prepared cold foods.

Purpose: This provision is mandated by federal law for continued state participation in the federally funded food stamp program.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 8.7	\$ 9.1	\$ 9.3	\$ 9.6	\$ 10.0	\$ 10.3	\$ 10.8

Beneficiaries: Approximately 717,800 households benefit from this tax expenditure.

GRATUITIES

Description: Any amount paid, in excess of charges and tax, for service relating to the purchase of food or beverages or hotel or motel accommodations is an exempt gratuity.

Purpose: Gratuities or tips are not included in the cost of the meal or accommodation acquired by the purchaser but are considered costs of the accompanying non-taxable services.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 68.6	\$ 71.2	\$ 73.0	\$ 74.5	\$ 76.5	\$ 78.7	\$ 81.1

Beneficiaries: Approximately 4.0 million households and an unknown number of businesses benefit from this tax expenditure.

FUELS AND UTILITIES

COAL

Description: The purchase or use of coal is exempt from taxation.

Purpose: This exemption provides special tax treatment of coal versus alternative energy forms. Other major energy sources are exempt only when used directly by the purchaser for residential use. Encouragement of coal consumption may have been perceived as providing or preserving employment when mining was a major employer within the commonwealth.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 117.7	\$ 119.9	\$ 121.8	\$ 123.7	\$ 126.6	\$ 129.9	\$ 133.0

Beneficiaries: Approximately 130,000 households and 3,400 businesses benefit from this tax expenditure.

General Fund Tax Expenditures

FIREWOOD

Description: The purchase or use of firewood cut into lengths for burning or wood pellets is exempt from taxation when used as fuel for cooking, or for heating water or residential dwellings.

Purpose: Alternative energy sources such as heating oil, natural gas, coal, and electricity are exempt when used for residential purposes. The extension of this exemption to firewood provides consistency among all major energy sources.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: Approximately 1.1 million households that use firewood or wood pellets as their primary heat source benefit from this tax expenditure. Also, there are an estimated 860,000 households with usable, wood burning fireplaces that may benefit from this tax expenditure.

RESIDENTIAL UTILITIES

Description: As defined by law, "tangible personal property" specifies taxable items. Specifically omitted from this definition are electricity, steam, natural, manufactured and bottled gas and fuel oil, basic local telecommunications service when purchased directly by the user solely for his residential use, and charges for coin-operated telephone calls. Court decisions have expanded the electricity exemption to include purchases for residential use through an agent, where there is no commercial interest.

Purpose: Residential utilities are considered essential for maintaining a basic standard of life. Additionally, this provision reduces the regressive nature of the tax and reduces the tax burden on families who spend a disproportionate share of income on these services.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Electric:	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
		\$ 414.4	\$ 428.4	\$ 441.3	\$ 454.5	\$ 468.1	\$ 482.2	\$ 496.7
	Fuel Oil/Gas:	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
		\$ 364.1	\$ 382.1	\$ 399.0	\$ 410.9	\$ 409.3	\$ 411.7	\$ 416.8
	Telephone:	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
		\$ 96.1	\$ 98.4	\$ 98.2	\$ 96.8	\$ 96.0	\$ 95.5	\$ 95.0

Beneficiaries: Approximately 4.9 million households (electricity), 3.8 million households (fuel oil/gas), and 4.1 million households (telephone) benefit from this tax expenditure.

General Fund Tax Expenditures

WATER AND SEWAGE SERVICES

Description: The purchase at retail or use of water (including ice) or sewage services is exempt from taxation.

Purpose: Water is a basic necessity of life. Additionally, this provision reduces the regressive nature of the tax and reduces the tax burden on families who spend a disproportionate share of income on this product.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 127.9	\$ 131.5	\$ 133.1	\$ 134.5	\$ 137.1	\$ 140.8	\$ 145.1

Beneficiaries: Approximately 4.2 million households and about 298,000 businesses benefit from this tax expenditure.

GASOLINE AND MOTOR FUELS

Description: The purchase or use of gasoline and other motor fuels, taxed under the Liquid Fuels and Fuels Tax Act, is exempt from the sales and use tax.

Purpose: Because these items are already subject to fuels taxes, the legislature has provided for their exemption from the sales and use tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$1,197.5	\$1,329.5	\$1,359.5	\$1,393.1	\$1,369.1	\$1,386.1	\$1,400.5

Beneficiaries: Approximately 4.6 million households and owners of more than 1.4 million heavy trucks, buses, etc., benefit from this tax expenditure.

MOTOR VEHICLES / VESSELS

COMMON CARRIERS

Description: Vehicles purchased by a public utility, engaged in business as a common carrier, to be used in rendering utility services are exempt from taxation. Since the enactment of the Federal Aviation Act, effective January 1, 1995, Pennsylvania has recognized contract carriers as common carriers. Household goods carriers and private carriers remain taxable.

Purpose: Without this exemption, the tax would be built into the rate base of public utility services and, ultimately, passed on to consumers. Therefore, this exemption reduces the overall cost of utility services that are considered to be basic necessities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 114.6	\$ 122.1	\$ 130.0	\$ 138.4	\$ 147.4	\$ 157.0	\$ 167.2

Beneficiaries: Approximately 9,990 common carriers could benefit from this tax expenditure.

COMMERCIAL VESSELS (Construction and Repair)

Description: The purchase or use of commercial vessels of fifty tons or larger is exempt from taxation if delivery is taken in Pennsylvania.

Purpose: This exclusion places Pennsylvania shipbuilders at a competitively neutral position relative to shipbuilders in those states allowing this exemption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 1.1	\$ 1.1	\$ 1.2	\$ 1.2	\$ 1.3	\$ 1.3	\$ 1.3

Beneficiaries: As many as 11 establishments may benefit from this tax expenditure.

COMMERCIAL VESSELS (Equipment and Maintenance)

Description: The purchase or use of fuel, supplies, equipment, ships or sea stores, and cleaning or maintenance supplies is exempt from taxation. This exemption applies to vessels of fifty tons or more designed for commercial use.

Purpose: Imposition of the tax at the point of sale would place Pennsylvania vendors at a competitive disadvantage relative to those vendors operating in other states that allow this exemption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 3.0	\$ 3.0	\$ 3.1	\$ 3.2	\$ 3.3	\$ 3.5	\$ 3.6

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

HELICOPTERS

Description: An exemption is provided for the sale at retail, rental, or lease of helicopters and similar rotorcraft vehicles. In addition, there is an exemption for the sale at retail of repair and replacement parts for helicopters and similar rotorcraft vehicles.

Purpose: This exclusion places Pennsylvania helicopter manufactures at a competitively neutral position relative to manufacturers in those states allowing this exemption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4

Beneficiaries: Approximately 550 companies may benefit from this expenditure.

MOTOR VEHICLES (Out-of-State Purchasers)

Description: The purchase or use of a motor vehicle by a non-resident, to be used outside Pennsylvania, which is registered in another state within twenty days of delivery is exempt from taxation. Delivery must be taken outside of Pennsylvania.

Purpose: The exemption protects the participation of Pennsylvania car dealers in the out-of-state market while preventing potential abuses of such an exemption by Pennsylvania residents.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

SCHOOL BUSES

Description: The purchase at retail or use of school buses is exempt from taxation. These buses must be used exclusively for the transportation of children for school purposes. The provision is extended to persons who have contracts with school districts to transport children.

Purpose: The costs of transporting school children are directly borne by school districts and indirectly by state government through subsidy programs. This exemption, while limiting state sales and use tax revenues, also decreases state educational subsidy costs.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 20.4	\$ 20.6	\$ 20.8	\$ 21.1	\$ 21.3	\$ 21.5	\$ 21.8

Beneficiaries: Approximately 900 private contractors and 6,300 schools benefit from this tax expenditure.

PRODUCTION EXPENDITURES

MANUFACTURING EXEMPTION (Manufacture and Processing)

Description: An exemption is provided for the purchase or use of machinery, equipment, parts and supplies or the use of services or utilities used directly in the manufacturing and processing of personal property. This exemption does not apply to motor vehicles, maintenance facilities, managerial or other nonoperational activities or materials, supplies, or equipment used relative to real estate, obtaining disinfecting or pest control services, or building maintenance and cleaning services.

Purpose: Exemption of manufacturing equipment and supplies prevents the multiple taxation that could occur in the production of a finished good for consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 844.9	\$ 875.8	\$ 912.7	\$ 955.7	\$1,006.6	\$1,054.9	\$1,102.2

Beneficiaries: Approximately 13,900 manufacturers and an unknown number of processors and remanufacturers benefit from this tax expenditure.

MANUFACTURING EXEMPTION (Agriculture)

Description: An exemption is provided for the purchase or use of machinery, equipment, parts and supplies or the use of services or utilities used directly in farming, dairying, horticulture, floriculture, or aquaculture. This exemption does not apply to motor vehicles, maintenance facilities, managerial or other nonoperational activities or materials, supplies, or equipment used relative to real estate, obtaining disinfecting or pest control services, or building maintenance and cleaning services.

Purpose: Exemption of agricultural equipment and supplies prevents the multiple taxation that could occur in the production of an agricultural commodity for sale and consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 110.4	\$ 110.9	\$ 112.2	\$ 113.4	\$ 115.1	\$ 116.7	\$ 118.8

Beneficiaries: Approximately 63,000 farm operators benefit from this tax expenditure.

MANUFACTURING EXEMPTION (Public Utility)

Description: An exemption is provided for the purchase or use of machinery, equipment, parts and supplies or the use of services or utilities used directly in producing, delivering, or rendering a public utility service. This exemption does not apply to motor vehicles (except those used as common carriers), maintenance facilities, managerial or other nonoperational activities or materials, supplies, or equipment used relative to real estate, obtaining disinfecting or pest control services, or building maintenance and cleaning services.

Purpose: Exemption of equipment and supplies used in producing and delivering a public utility service prevents the multiple taxation that could occur in providing the service. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 95.4	\$ 95.6	\$ 96.7	\$ 98.5	\$ 100.3	\$ 102.3	\$ 104.1

Beneficiaries: Approximately 8,000 public utilities could benefit from this tax expenditure.

MANUFACTURING EXEMPTION (Foundations for Machinery and Equipment)

Description: Foundations for machinery and equipment used directly in manufacturing, farming, dairying, agriculture, horticulture, floriculture, aquaculture, processing or producing, and delivering or rendering a public utility service are exempt from taxation. Included for a public utility, are sand, gravel, crushed rock, concrete, or similar material used as bedding or surrounding pipe used directly to render sewer or water service.

Purpose: Exemption of foundations for manufacturing equipment prevents the multiple taxation that could occur in the production of a finished good for consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 1.9	\$ 1.9	\$ 1.9	\$ 2.0	\$ 2.1	\$ 2.2	\$ 2.3

Beneficiaries: Approximately 82,200 entities benefit from this tax expenditure.

CONTRACT FARMING

Description: The purchase or use of tangible personal property or services that are directly used in farming, dairying, or agriculture for the production of food are exempt from tax even if the purchaser is not the entity directly involved in the agricultural activity. This exemption applies to machinery, equipment, parts, supplies, and utilities used in the production of food.

Purpose: Exemption of agricultural equipment and supplies prevents the multiple taxation that could occur in the production of an agricultural food commodity for sale and consumption. Were these items not exempt, this additional cost would be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 39.0	\$ 41.4	\$ 44.0	\$ 46.7	\$ 49.5	\$ 52.6	\$ 55.8

Beneficiaries: An unknown number of businesses engaged in contract farming benefit from this tax expenditure.

OTHER

AIRLINE CATERING

Description: Airline purchases of catered food and non-alcoholic beverages served to passengers in connection with the airline service are exempt from tax.

Purpose: This tax exemption lowers the cost of catered food and non-alcoholic beverages purchased by airlines, which may also reduce the cost of airline travel for consumers.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.7

Beneficiaries: Approximately 35 airlines may benefit from this expenditure.

COIN-OPERATED FOOD AND BEVERAGE VENDING MACHINES

Description: The tax on food and beverages dispensed from coin-operated vending machines is derived from total receipts collected from the machines rather than from the price of individual items sold.

Purpose: This provision eases reporting and administrative burdens on the vendor and reduces audit efforts required by the Department of Revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.9	\$ 1.9

Beneficiaries: As many as 500 vending machine operators may benefit from this tax expenditure.

HOTEL-PERMANENT RESIDENT

Description: An exemption is provided, under the hotel occupancy tax, for a person occupying or having the right to occupy a room in a hotel, inn, tourist home, lodging house, rooming house, summer camp, apartment hotel, resort lodging, or cabin for 30 consecutive days or more. This exemption does not extend to prepared meals or other taxable items.

Purpose: Residency of this length is felt to approximate permanent dwelling rental, which is non-taxable as a basic necessity of life.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5

Beneficiaries: Approximately 6,200 persons benefit from this tax expenditure.

COMMISSION

Description: A licensed vendor is permitted a 1 percent discount as a credit against the gross amount of tax collected provided that a tax return, with full payment due the department, is postmarked on or before the due date. Nearly all tax returns are due 20 days after the end of a collection period.

Purpose: This provision is intended to defray the vendor's cost of collecting and remitting the sales and use tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 73.5	\$ 70.8	\$ 73.1	\$ 75.5	\$ 78.2	\$ 80.8	\$ 83.6

Beneficiaries: Approximately 193,700 vendors benefit from this tax expenditure.

OUT-OF-STATE CREDIT

Description: A credit is allowed for the purchase of personal property or taxable services for use outside Pennsylvania equal to the sales tax paid in the applicable state. The state must grant substantially similar tax relief as provided by Pennsylvania.

Purpose: Allowing a credit for tax paid in another state prevents double taxation.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

TRADE-IN VALUE

Description: A deduction is allowed against the gross purchase price for the value of personal property actually taken in trade or exchange. The trade-in property does not have to be of like kind to the purchased property. The reduction in purchase price is considered to be the value of the trade-in.

Purpose: Tangible personal property taken as a trade-in is usually resold. Therefore, it is treated as a sale for resale.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 273.9	\$ 286.1	\$ 298.9	\$ 323.7	\$ 328.7	\$ 332.5	\$ 341.3

Beneficiaries: Approximately 115 purchasers of aircraft, 11,200 purchasers of computers, 11,100 purchasers of boats, and 547,400 purchasers of cars and trucks annually benefit from this tax expenditure.

ISOLATED SALES

Description: Infrequent personal property sales of a non-recurring nature by persons not in the business of selling such items are exempt from taxation. By regulation, exempt entity sales can occur no more than three times nor more than a total of seven days in a year. These sales may include the sale of a lawn mower to a neighbor, liquidation of an estate, sale of a used typewriter by an insurance company, or yard sale items. Motor vehicles and property that must be registered or licensed are not granted this exemption.

Purpose: The exclusion of isolated sales from taxation greatly reduces compliance and administration burdens for the seller and the commonwealth.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 100.0	\$ 102.3	\$ 104.6	\$ 107.9	\$ 111.3	\$ 114.9	\$ 117.5

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

TEMPORARY USAGE

Description: Property purchased outside Pennsylvania by a nonresident and temporarily used in Pennsylvania for seven days or less or any length of time by a tourist or vacationer is exempt from taxation. If the property is consumed in the state it becomes taxable.

Purpose: Providing an exemption for temporary usage of taxable property in Pennsylvania does not discourage entry into the state by vacationers, tourists, or others who attend, or are involved in specific short term events or activities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

General Fund Tax Expenditures

HORSES

Description: The sale of a horse is exempt from taxation if the seller is directed to deliver the horse to an out-of-state location. A horse may be temporarily delivered to a resident or agent prior to being delivered out-of-state.

Purpose: This exemption provides preferential treatment of horses relative to other tangible personal property by permitting temporary location in Pennsylvania before being delivered out-of-state.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 3.0	\$ 3.0	\$ 3.1	\$ 3.1	\$ 3.1	\$ 3.1	\$ 3.1

Beneficiaries: Approximately 2,100 Standard bred horse purchasers and an unknown number of purchasers of other types of horses benefit from this tax expenditure.

YOUTH SPORTS PROGRAMS

Description: The purchase of food and beverages from nonprofit associations which support sports programs for participants aged 18 or younger or for persons with a physical or mental handicap regardless of age is exempt from taxation.

Purpose: The exemption of these items encourages such organizations to support programs that provide activities beneficial to young people and the handicapped.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

PURELY PUBLIC CHARITIES

Description: The sale of personal property or services to or for use by any institution of purely public charity as defined by Act 55 of 1997 is exempt from taxation. Act 45 of 1998 extended this exemption to include the purchase or use of certain machinery and equipment used in a construction contract with an exempt entity. The purchase or use may be made by a construction contractor or the exempt entity. Transactions unrelated to the trade or business of such organizations are taxable as are certain materials and supplies purchased for use in connection with real estate.

Purpose: These organizations provide public and charitable services that are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Charitable Organizations:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 127.0	\$ 128.5	\$ 130.4	\$ 132.7	\$ 136.5	\$ 140.3	\$ 143.1
	Volunteer Firemen's Organizations:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 58.0	\$ 58.4	\$ 59.2	\$ 60.0	\$ 61.2	\$ 62.6	\$ 63.7
	Nonprofit Educational Institutions:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 175.9	\$ 176.5	\$ 178.4	\$ 179.6	\$ 181.5	\$ 184.6	\$ 187.6
	Religious Organizations:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 78.6	\$ 79.5	\$ 80.7	\$ 82.1	\$ 84.5	\$ 86.8	\$ 88.6
	Health & Social Assistance Organizations:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 444.0	\$ 452.7	\$ 461.4	\$ 475.9	\$ 496.2	\$ 516.6	\$ 535.5

Beneficiaries: Approximately 44,900 organizations currently benefit from this tax expenditure.

EXEMPT GOVERNMENTAL UNITS

Description: The sale of tangible personal property or services to or for use by the federal government, the commonwealth or its instrumentalities, or political subdivisions is exempt from taxation. Act 45 of 1998 extended this exemption to include the purchase or use of certain machinery or equipment used in a construction contract with a governmental unit. The purchase or use may be by a contractor or governmental unit. Based on the criteria adopted to define tax expenditures, federal transactions are not included in this study. Commonwealth transactions are also excluded because revenues would offset expenditures with no net effect. The estimates, therefore, represent the tax on local government expenditures and construction contractors.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 380.6	\$ 381.6	\$ 381.9	\$ 389.8	\$ 401.4	\$ 414.8	\$ 429.0

Beneficiaries: Approximately 3,100 governmental units benefit from this tax expenditure.

SUBSTITUTED TAX BASE

Description: The tax on tangible personal property purchased at least six months prior to the first taxable use in Pennsylvania may be based on the prevailing market price at the time of the taxable use. This substituted base would be in lieu of taxing the original purchase price.

Purpose: This alternative tax base permits taxpayers to pay tax relative to the current market value of such assets that most closely approximates current taxable value.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

OUT-OF-STATE PURCHASES

Description: Tangible personal property purchased and used outside the state by a nonresident who later brings the property into Pennsylvania while establishing a permanent residence or business is exempt from taxation. This property must be purchased more than six months prior to the first taxable use in Pennsylvania.

Purpose: This provision eases administrative costs for the commonwealth and compliance costs for the taxpayer and prevents a substantial tax liability from being imposed when a person moves to Pennsylvania.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

RAIL TRANSPORTATION EQUIPMENT

Description: The purchase or use of rail transportation equipment by a business in the movement of its own personal property is exempt from taxation.

Purpose: Exemption of rail equipment provides preferential treatment benefiting specific users of this transportation mode. Were these items not exempt, this additional cost may be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 18.2	\$ 18.6	\$ 19.0	\$ 19.6	\$ 20.4	\$ 21.2	\$ 21.9

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

FISH FEED

Description: The purchase or use of fish feed by sportsmen's clubs, fish cooperatives, or nurseries approved by the Pennsylvania Fish Commission is exempt from taxation.

Purpose: The exemption provides special treatment benefiting organizations that raise fish intended for human consumption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: An unknown number of entities benefit from this tax expenditure.

TOURIST PROMOTION AGENCIES

Description: The purchase or use of supplies and materials by tourist promotion agencies for distribution to the public is exempt from taxation. To be permitted this exemption, an agency must receive grants from the state.

Purpose: Excluding supplies and materials used by tourist promotion agencies that receive state grants reduces the cost of performing promotional activities. The need for direct support to these agencies is decreased by providing this exemption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5

Beneficiaries: All 49 tourist promotion agencies benefit from this tax expenditure.

TROUT

Description: The purchase or use of brook trout, brown trout, or rainbow trout is exempt from taxation.

Purpose: Special treatment is conferred to those involved in the raising or sale of trout intended for human consumption.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 59 entities benefit from this tax expenditure.

CONSTRUCTION OF MEMORIALS

Description: The purchase or use of materials used in the construction or erection of objects commemorating or memorializing historical events is exempt from taxation. These objects must be purchased by not-for-profit organizations and erected on publicly owned property.

Purpose: This exemption has been provided because these memorials are presumably erected for public benefit and gratification.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

STORAGE

Description: Charges for storage, other than for self-storage, of tangible personal property are exempt from taxation.

Purpose: Commercial storage services may be considered an integral part of the production and distribution of tangible personal property.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 104.5	\$ 107.0	\$ 110.1	\$ 113.4	\$ 117.3	\$ 121.4	\$ 125.0

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

STAIR LIFT DEVICES

Description: The purchase or use of property or services used in installing or repairing stair lift devices is exempt from taxation when the device is installed or used in the residence of a physically disabled person requiring the device to ascend or descend stairs. The physical disability must be certified by a physician.

Purpose: Stair lift devices could be considered essential for people with a physical disability that prevents them from ascending or descending stairs. This exemption reduces the regressive nature of the tax and eases the tax burden on people requiring the devices.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: As many as 850,000 residents who have difficulty ascending and descending stairs may benefit from this tax expenditure.

General Fund Tax Expenditures

BAD DEBTS

Description: Sales tax vendors may apply for a refund equal to 100 percent of bad debts associated with sales tax paid to the state for sales written off by the vendor and deducted for federal income tax purposes because the vendor did not receive full payment from the purchaser. Act 55 of 2007 provided that the refund for sales tax remitted and attributable to bad debt is now expanded to private label credit cards. This change will apply to amounts deducted as bad debts on federal income tax returns required to be filed after January 1, 2008. No refund is granted for interest, finance charges, or expenses incurred in attempting to collect receivables.

Purpose: The bad debt refund provision lessens the economic impact experienced by vendors when they extend credit to customers for taxable purchases and subsequently incur uncollectible accounts receivable (bad debts).

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 2.4	\$ 2.4	\$ 2.3	\$ 2.3	\$ 2.2	\$ 2.2	\$ 2.2

Beneficiaries: Any of the 246,000 licensed vendors could benefit from this tax expenditure, if they extend credit or accept checks for payment.

UNIFORM COMMERCIAL CODE FILING FEES

Description: Separately stated Uniform Commercial Code (UCC) filing fees, copy requests, and certification fees paid to a state or local agency are exempt from tax.

Purpose: UCC filing legally identifies the lien holder for personal property collateral. These fees may be perceived as incidental to the purchase or use of the tangible personal property and, as such, are exempt from tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 1.8	\$ 1.9	\$ 1.9	\$ 2.0	\$ 2.0	\$ 2.1	\$ 2.1

Beneficiaries: As many as 120,000 entities benefit from this tax expenditure annually.

CALL CENTER CREDIT

Description: A tax credit is available to call centers for the sales and use tax paid on incoming and outgoing interstate telecommunications. The credit is equal to the gross receipts tax paid by a telephone company on the receipts derived from the incoming and outgoing interstate telecommunications. An eligible call center must be located in Pennsylvania, employ 150 or more employees who initiate or answer telephone calls using at least 200 phone lines, and utilize an automated call distribution system. The total amount of credits awarded is limited to \$30 million per year. The tax credit is available for sales and use tax paid for periods on or after January 1, 2004. Act 48 of 2009 reduced the amount of tax credit that could be awarded per program in fiscal years 2009-10 and 2010-11 by 50 percent and 55 percent respectively. The estimate for fiscal year 2010-11 reflects actual credits awarded under the program for that period. The estimates for fiscal years 2011-12 forward reflect the program cap.

Purpose: This exemption retains jobs by providing an incentive for call centers to maintain and expand operations in Pennsylvania.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.4	\$ 30.0	\$ 30.0	\$ 30.0	\$ 30.0	\$ 30.0	\$ 30.0

Beneficiaries: Approximately 20 call centers located in Pennsylvania will benefit from this tax credit.

RENTAL OF FILMS FOR COMMERCIAL EXHIBITION

Description: The purchase at retail or use of motion picture films rented or licensed from a distributor for the purpose of commercial exhibition are exempt from taxation.

Purpose: This provision allows the entertainment services associated with these films to be delivered to the public at a reduced cost. Were these films not exempt, the additional cost would likely be passed through to the ultimate consumer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 35.4	\$ 35.8	\$ 36.3	\$ 36.9	\$ 38.0	\$ 39.0	\$ 39.8

Beneficiaries: Approximately 200 motion picture and video exhibition companies, 65 television broadcasting stations, and 15 cable and subscription programming companies benefit from this expenditure.

COPIES OF AN OFFICIAL DOCUMENT

Description: The sale at retail or use of copies of an official document sold by a government agency or court are exempt from taxation. Included in copies of official documents are any copies in tangible form, including compact discs, microfilm, and similar forms of electronic media. Examples of such documents include notes of court testimony, deposition transcripts, driving records, accident reports, birth and death certificates, deeds, divorce decrees, and other similar documents.

Purpose: This provision eases reporting and administrative burdens on state, county, and local governments, including courts and political subdivisions.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.5	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6

Beneficiaries: An unknown number of individuals and businesses benefit from this tax expenditure.

INVESTMENT METAL BULLION AND INVESTMENT COINS

Description: The purchase or use of investment metal bullion and investment coins are exempt from taxation. This exemption includes the purchase or use of precious metals, where the value of the metal is primarily a function of the metal content, or a coin, where the market value exceeds the face value. This exemption does not include jewelry, works of art made from coins, or medallions.

Purpose: These purchases are generally for investment purposes only and, as such, are exempt from tax.

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 6.1	\$ 6.9	\$ 8.0	\$ 9.1	\$ 10.5	\$ 12.0	\$ 13.7

Beneficiaries: An unknown number of individuals and businesses engaged in the purchase and sale of investment bullion and coins benefit from this tax expenditure.

CATALOGS AND DIRECT MAIL ADVERTISING

Description: The purchase or use of a mail order catalog or direct mail advertising literature and materials is exempt from taxation. Effective July 1, 1998, this exemption was extended to the purchase or use of electoral literature or material and certain mailing lists.

Purpose: The purchase of these items may be perceived as incidental to the advertising service being provided.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 4.6	\$ 4.5	\$ 4.6	\$ 4.7	\$ 4.8	\$ 4.9	\$ 5.0

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

WRAPPING AND PACKING SUPPLIES

Description: The purchase or use of wrapping paper, twine, bags, cartons, tape, rope, labels, nonreturnable containers, and all other wrapping supplies which are incidental to the delivery of personal property is exempt from taxation. This exclusion applies to retailers only. A separately stated charge for wrapping or packaging is taxable.

Purpose: Exemption of these items prevents double taxation since the cost of wrapping supplies, as a final input of the product, is included in the price charged by the retailer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 61,100 retail and wholesale establishments benefit from this tax expenditure.

General Fund Tax Expenditures

SERVICES

Description: Expenditures for services are not taxable under the sales and use tax except when specifically taxed by law.

Purpose: Because the primary basis for the sales and use tax is tangible personal property, the majority of services are not taxed unless they are related to taxable property. Legislation adopted in 1991 imposed the tax on charges for selected business services. Act 7 of 1997 removed computer services from the list of taxable services.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
LODGING							
Recreational parks, camps & campgrounds	\$ 56.1	\$ 59.0	\$ 60.5	\$ 61.7	\$ 62.7	\$ 63.7	\$ 64.6
PERSONAL SERVICES							
Dry-cleaning & laundry services	\$ 37.4	\$ 38.2	\$ 39.1	\$ 40.2	\$ 41.7	\$ 43.2	\$ 44.7
Personal care services	120.8	123.6	126.8	130.8	135.8	141.1	146.5
Funeral parlors, crematories & death care services....	48.4	49.5	50.7	52.4	54.4	56.5	58.6
Other: personal services	43.9	44.9	46.0	47.5	49.3	51.2	53.1
BUSINESS SERVICES							
Advertising, public relations, & related services.....	\$ 651.2	\$ 663.0	\$ 677.5	\$ 694.7	\$ 717.5	\$ 740.6	\$ 760.6
Services to buildings and dwellings	144.9	147.5	150.8	154.9	160.3	165.8	170.6
Consulting (scientific, environmental, & technical).....	296.5	301.5	307.9	316.2	327.5	338.7	348.5
Scientific research & development services	212.5	217.6	224.7	234.3	246.1	258.1	269.7
Information services.....	16.5	16.7	17.0	17.4	17.9	18.4	19.0
Administrative services	420.6	428.7	438.3	450.2	465.8	481.8	495.9
COMPUTER SERVICES							
Custom programming, design & data processing	\$ 297.7	\$ 302.3	\$ 308.7	\$ 316.7	\$ 327.5	\$ 338.0	\$ 346.8
AUTOMOTIVE SERVICES							
Parking lots & garages.....	\$ 75.0	\$ 76.7	\$ 78.6	\$ 81.1	\$ 84.1	\$ 87.4	\$ 90.6
RECREATION SERVICES							
Spectator sports admissions (excludes schools)	\$ 88.8	\$ 100.5	\$ 113.6	\$ 128.5	\$ 145.3	\$ 164.3	\$ 185.8
Theater, dance, music & performing arts admissions ..	19.6	21.0	22.4	24.0	25.7	27.6	29.5
Amusement & recreation industries.....	133.5	136.5	139.9	144.3	149.8	155.6	161.4
Museums, historical sites, zoos & parks.....	21.8	22.7	23.6	24.5	25.5	26.5	27.6
HEALTH SERVICES							
Home health care, nursing care, & other ambulatory health care services	\$ 406.0	\$ 418.5	\$ 432.9	\$ 454.4	\$ 482.7	\$ 512.6	\$ 542.2
Hospitals.....	764.7	788.4	816.0	856.9	910.6	967.6	1,024.1
Physician & dental services.....	936.9	966.0	999.7	1,049.9	1,115.7	1,185.6	1,254.7
Social assistance including day care.....	149.1	153.8	159.1	167.1	177.6	188.7	199.7
PROFESSIONAL SERVICES							
Legal.....	\$ 538.5	\$ 548.4	\$ 561.2	\$ 578.2	\$ 600.2	\$ 622.3	\$ 642.7
Architectural, engineering, & related services.....	219.1	218.2	222.8	233.8	249.3	262.4	271.5
Accounting, auditing and bookkeeping services	250.8	255.0	260.5	267.7	277.2	286.6	294.7
Specialized design	59.5	60.8	62.4	64.1	66.4	68.8	70.8
All other professional and technical services.....	149.9	152.6	156.0	160.1	165.5	170.9	175.5
TRANSPORTATION SERVICES							
Transit & ground transportation.....	\$ 43.6	\$ 44.8	\$ 46.2	\$ 47.7	\$ 49.6	\$ 51.2	\$ 52.3
Air transportation.....	6.5	6.6	6.9	7.1	7.4	7.6	7.8
Truck transportation.....	46.9	48.0	49.3	50.9	52.7	54.4	55.8
Other transportation.....	0.6	0.6	0.6	0.6	0.6	0.7	0.7
MISCELLANEOUS SERVICES							
Basic television	\$ 189.9	\$ 193.9	\$ 194.6	\$ 194.1	\$ 194.9	\$ 196.2	\$ 197.0
Tuition (college, vocational training & instruction).....	623.5	637.7	654.1	674.6	700.3	727.5	754.9
Electrical, plumbing, heating & AC service fees.....	NA	NA	NA	NA	NA	NA	NA
Veterinary fees.....	43.4	44.4	45.5	47.0	48.8	50.7	52.6
Financial institution fees.....	234.2	234.2	241.7	251.6	260.6	272.8	285.2
Waste management and remediation services.....	117.0	119.2	121.7	124.9	129.2	133.4	137.3

Beneficiaries: Virtually all 5.0 million households and all 298,000 business establishments benefit from one or more of these service tax expenditures.

CIGARETTE TAX

Authorization: Article XII of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The cigarette tax is an excise tax, based on a rate of 8 cents per cigarette, levied on the sale or possession of cigarettes in Pennsylvania. Prior to November 1, 2009, the tax rate was 6.75 cents per cigarette. Effective November 1, 2009, the cigarette tax will also be imposed on little cigars weighing no more than 4 pounds per thousand sticks. Only one sale of cigarettes, whether individual cigarettes, packages, cartons, or cases, is taxable. Beginning in fiscal year 2002-03, fixed annual amounts of \$30.73 million and \$20.485 million of cigarette tax receipts are transferred to the Children's Health Insurance Program (CHIP) and the Agricultural Conservation Easement Purchase (ACEP) Fund, respectively. Transfers of cigarette tax receipts to CHIP began in fiscal year 1992-93 at the rate of two thirty-firsts of receipts. After January 1, 1997, the transfer amount was increased to three thirty-firsts of receipts. Transfers of cigarette tax receipts to the ACEP fund began in fiscal year 1993-94 at the rate of two thirty-firsts of receipts. Beginning January 7, 2004, 18.52 percent of cigarette tax receipts are transferred to the Health Care Provider Retention Account (HCPRA). The HCPRA transfer was repealed beginning November 1, 2009. The analyses below reflect only the General Fund portion of the tax expenditures.

Administrative Costs: Costs to administer the cigarette tax expenditures are nominal.

STATE VETERANS HOMES

Description: Sales to retail dealers located in state veterans homes for resale to residents in such homes are exempt. Federal veterans hospitals are exempt under federal law.

Purpose: It is perceived to be good public policy to reduce taxes for veterans who have served their country and are now residing in a veteran's home or hospital.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3

Beneficiaries: Residents in six state veteran's homes benefit from this tax expenditure.

UNSTAMPED CIGARETTES (200 AND UNDER)

Description: Vacationers or tourists crossing state lines with one carton or less of unstamped cigarettes are not required to pay tax on those cigarettes. The carton (200 cigarettes) cannot be resold and must be for personal use only.

Purpose: Persons crossing state lines with one carton or less of cigarettes are presumed to possess such cigarettes for personal use rather than intentionally avoiding payment of the cigarette tax. This expenditure helps to relieve administration and enforcement burdens as well as promote tourism.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

COMMISSIONS ON SALES OF STAMPS

Description: Cigarette stamping agents are permitted a commission of 0.87 percent of the value of all cigarette tax stamps purchased from the Department of Revenue or its authorized agents to be affixed to cigarettes for sale within the commonwealth. Prior to November 1, 2009, the commission was equal to 0.98 percent. The commission does not apply to purchases of stamps by a cigarette-stamping agent in amounts of less than one hundred dollars (\$100).

Purpose: This commission is paid to the cigarette-stamping agent as compensation for services and expenses incurred while acting as an agent of the commonwealth in affixing tax stamps.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 9.9	\$ 9.9	\$ 9.9	\$ 9.9	\$ 9.9	\$ 9.9	\$ 9.9

Beneficiaries: Approximately 100 cigarette stamping agents may benefit from this tax expenditure.

MALT BEVERAGE TAX

Authorization: Article XX of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The malt beverage tax is levied on malt and brewed beverages manufactured, sold, and used in Pennsylvania or manufactured outside of Pennsylvania but sold for importation and use in Pennsylvania. The tax is borne by the consumer, but manufacturers, distributors, and importers remit the tax to the commonwealth.

The malt beverage tax contains no tax expenditures as defined for this tax expenditure analysis.

LIQUOR TAX

Authorization: The Liquor Code, Act of June 29, 1987 (P.L. 32, No. 14) and the Emergency Liquor Sales Tax Act, Act of June 9, 1936 (Special Session, P.L. 13).

The liquor tax is imposed on all liquor sold by the Pennsylvania Liquor Control Board. The tax is assessed, since 1968, at the rate of 18 percent of the net price paid by the consumer.

The liquor tax contains no tax expenditures as defined for this tax expenditure analysis.

PERSONAL INCOME TAX

Authorization: Article III of the Tax Reform Code of 1971 (P.L. 6 No. 2), as amended.

The personal income tax is levied against the taxable income of resident and nonresident individuals, estates and trusts, partnerships, S corporations, business trusts, and limited liability companies that are not taxed as corporations for federal purposes. Pennsylvania taxes eight classes of income: (1) compensation; (2) net profits from the operation of a business, profession, or farm; (3) net gains on income less net losses from dispositions of property; (4) net gains on income from rents, royalties, patents, and copyrights; (5) dividends; (6) interest; (7) gambling and lottery winnings; and (8) net gains on income derived through estates or trusts.

Administrative Costs: Costs to administer the various tax expenditures associated with the personal income tax cannot be separately identified. Additionally, administrative costs for inheritance tax are also included in these estimates. The existence of tax expenditures may result in taxpayer uncertainties, which create an administrative burden on the department relative to additional compliance audits, letter rulings, pronouncements, and bulletins.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 2.5	\$ 2.5	\$ 2.5	\$ 2.6	\$ 2.7	\$ 2.8	\$ 2.9

EXCLUSIONS FROM INCOME

RETIREMENT INCOME

Description: Payments commonly recognized as old age or retirement benefits paid to persons retired from service after reaching a specific age or after a stated period of service are exempt from taxation.

Purpose: The exemption limits the impact of the tax on retired persons. It also prevents taxation of previously taxed employee contributions to retirement plans.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$2,312.0	\$2,368.3	\$2,465.4	\$2,585.0	\$2,710.5	\$2,842.0	\$2,979.9

Beneficiaries: As many as 2.6 million retired residents and their survivors benefit from this tax expenditure.

General Fund Tax Expenditures

RETIREMENT CONTRIBUTIONS BY EMPLOYERS

Description: Payments made by employers for programs covering employee retirement and employer social security contributions are exempt from taxation.

Purpose: This provision lessens the burden of the tax on Pennsylvania wage earners and maintains fairness since the employee often does not have the right to possess the funds in the retirement plan except upon retirement or separation from the company after a set number of years of service.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 978.6	\$1,013.5	\$1,051.3	\$1,096.1	\$1,146.0	\$1,196.0	\$1,244.3

Beneficiaries: As many as 5.8 million employees benefit from this tax expenditure.

NONQUALIFIED DEFERRED COMPENSATION

Description: Following the federal constructive receipt rule, Act 40 of 2005 stipulated that deferrals to nonqualified deferred compensation plans are not includible in compensation. This change applies to appeals which arise prior to or after the effective date of this act, July 7, 2005, and applies to taxable years beginning after December 31, 2002.

Purpose: With certain significant exceptions, Pennsylvania's constructive receipt rules were generally made consistent with the federal constructive receipt rules used to determine when compensation is received by a cash basis taxpayer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 26.2	\$ 27.0	\$ 27.8	\$ 28.7	\$ 29.5	\$ 30.4	\$ 31.3

Beneficiaries: Approximately 36,000 residents benefit from this tax expenditure.

HEALTH SAVINGS ACCOUNTS/ARCHER MEDICAL SAVINGS ACCOUNTS (ARCHER MSAs)

Description: Act 67 of 2006 provides a personal income tax exemption for contributions made to Health Savings Accounts and Archer Medical Accounts, consistent with the federal treatment of such accounts. Distributions that are not used for qualified medical expenses will be taxable as interest income. These changes will apply to tax years beginning after December 31, 2005.

Purpose: This provision reduces the cost and could improve the quality and availability of health care to Pennsylvanians.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 7.0	\$ 7.1	\$ 7.4	\$ 7.9	\$ 8.6	\$ 9.2	\$ 9.8

Beneficiaries: Individuals filing approximately 73,000 returns are estimated to benefit from this tax expenditure. This number is expected to rise over time.

General Fund Tax Expenditures

EMPLOYEE BENEFIT PROGRAM EMPLOYER CONTRIBUTIONS

Description: Payments made by employers or labor unions for programs covering hospitalization, sickness, disability or death, supplemental unemployment benefits, group life insurance, and strike benefits are exempt from taxation. Effective January 1, 1998, this expenditure also includes personal use of employer provided property and services.

Purpose: This provision lessens the burden of the tax upon Pennsylvania wage earners, along with maintaining fairness, since these payments are not usually based on actual use by each wage earner.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$1,060.9	\$1,074.5	\$1,081.3	\$1,105.6	\$1,156.9	\$1,235.8	\$1,333.8

Beneficiaries: As many as 5.7 million employees benefit from this tax expenditure.

CAFETERIA PLANS

Description: Payments made by employers, on behalf of employees, into a qualifying cafeteria plan are exempt from taxation if the program does not discriminate in favor of highly compensated individuals. This exemption parallels the limited exemption treatment of employee benefit programs covering hospitalization, sickness, disability or death, supplemental unemployment benefits, or strike benefits. Effective January 1, 1998, this expenditure also includes payments made on behalf of employees for personal use of employer provided property and services.

Purpose: This provision lessens the burden of the tax upon Pennsylvania wage earners, along with maintaining fairness, since these payments are not usually based on actual use by each wage earner.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 80.9	\$ 83.7	\$ 68.5	\$ 53.0	\$ 55.4	\$ 57.8	\$ 60.1

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

LIFE INSURANCE PROCEEDS

Description: Amounts paid to beneficiaries or the estate of a decedent due to the death of the decedent are exempt from tax.

Purpose: Life insurance proceeds are not considered compensation for services rendered. Also, premiums are often paid with after-tax dollars.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 115.6	\$ 117.8	\$ 120.2	\$ 122.5	\$ 124.9	\$ 127.3	\$ 129.8

Beneficiaries: The death payment beneficiaries of approximately 171,000 life insurance policies benefit from this tax expenditure.

General Fund Tax Expenditures

SICKNESS OR DISABILITY PROCEEDS

Description: Payments, other than regular wages or salary, received for periods of sickness or disability are excluded from compensation.

Purpose: These payments are excluded because they do not take the place of an employee's regular wages or salary. However, sick pay in the form of regular wages or salary is taxable.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

UNEMPLOYMENT AND SUPPLEMENTAL UNEMPLOYMENT COMPENSATION

Description: Amounts received as unemployment compensation or supplemental unemployment compensation are excluded from taxable income.

Purpose: This exemption assists unemployed persons in providing the basic necessities of life.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 131.9	\$ 149.0	\$ 149.1	\$ 143.2	\$ 129.9	\$ 117.2	\$ 110.0

Beneficiaries: Approximately 772,000 people benefit from this tax expenditure.

WORKER'S COMPENSATION

Description: Disability, retirement, or other payments arising under workmen's compensation acts, occupational disease acts, and similar legislation are exempt from taxation.

Purpose: These benefits are not related to services rendered and are intended to provide income or subsistence during periods of disability when the taxpayer was injured on the job and also to pay workers' medical bills for injuries sustained on the job. These benefits more closely resemble insurance payments, which are not taxable.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 89.0	\$ 90.3	\$ 91.7	\$ 93.0	\$ 94.4	\$ 95.7	\$ 97.1

Beneficiaries: As many as 85,600 residents benefit from this tax expenditure.

General Fund Tax Expenditures

STRIKE BENEFITS

Description: Amounts designated as strike benefits are exempt from tax.

Purpose: These benefits are not considered compensation for services rendered and are thus excluded from tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

PUBLIC ASSISTANCE

Description: Public assistance payments from governmental entities are excluded from taxable income.

Purpose: This provision limits the impact of the tax on the poor and increases the effectiveness of state payments under this program.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 13.1	\$ 12.3	\$ 12.3	\$ 12.3	\$ 12.3	\$ 12.3	\$ 12.3

Beneficiaries: Approximately 260,000 people benefit from this tax expenditure.

SALE OF A PRINCIPAL RESIDENCE

Description: Beginning January 1, 1998, the gain from a sale of principal residence is excludable from income. Prior to January 1, 1998, this expenditure was a once in a lifetime exclusion of up to \$100,000 for those 55 and over.

Purpose: A principal residence is typically sold to meet the changing needs of the taxpayer and not in an effort to recognize a capital gain.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 93.7	\$ 96.7	\$ 98.1	\$ 99.7	\$ 101.7	\$ 103.8	\$ 105.6

Beneficiaries: The owners of approximately 160,200 principal residences that are sold each year in Pennsylvania benefit from this tax expenditure.

COMPENSATION FOR MILITARY SERVICE

Description: Compensation for military service by a Pennsylvania resident in a combat zone is excludable from tax. Income received for military service outside the commonwealth (whether or not it is in a combat zone) while on active duty as a member of the armed forces is excludable from compensation. Income received for active state duty for emergency within or outside Pennsylvania is excludable from compensation.

Purpose: This provision reduces tax on members of the armed forces while on active duty in service of the country.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 102.8	\$ 106.3	\$ 109.0	\$ 113.0	\$ 118.1	\$ 124.2	\$ 131.3

Beneficiaries: Approximately 49,200 residents benefit from this tax expenditure.

SCHOLARSHIPS, GRANTS, FELLOWSHIPS, AND STIPENDS

Description: Scholarships, grants, fellowships, and stipends awarded on the basis of need or academic achievement for the purpose of encouraging or allowing the recipient to further their educational development are not taxable. Fellowships and stipends are taxable if they are awarded as compensation for past, present, or future services.

Purpose: Awards made on the basis of detached generosity are considered to be gifts and are not taxable as income.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 103.4	\$ 107.1	\$ 110.9	\$ 115.3	\$ 120.5	\$ 126.0	\$ 131.3

Beneficiaries: The recipients of approximately 267,000 state and federal grants and scholarships, and an unknown number of private scholarships, grants, fellowships, and stipends benefit from this tax expenditure.

REIMBURSEMENTS FOR ACTUAL EXPENSES

Description: Payments by an employer to an employee to reimburse actual expenses incurred by the employee in the conduct of the employer's business are excludable from compensation.

Purpose: This provision ensures that employees incurring business expenses, for which they are later reimbursed in the actual amount of the expenses, are not taxed on the reimbursements. Such expenses and reimbursements are treated as if the employer had made the expenditure directly.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

General Fund Tax Expenditures

UNREIMBURSED EXPENSES

Description: Unreimbursed expenditures made by employees are excludable from compensation if they are necessary to enable the taxpayer to properly perform the duties of employment, reasonable in amount, directly related to the taxpayer's occupation, and customary in the taxpayer's occupation.

Purpose: This provision enhances the fairness of the tax for those employees who incur expenses for the benefit of the employer, in order to properly perform a job, or to retain a rate of compensation.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 94.1	\$ 97.8	\$ 101.7	\$ 105.8	\$ 110.0	\$ 114.4	\$ 119.0

Beneficiaries: Individuals filing approximately 1.2 million returns benefit from this tax expenditure.

BUSINESS INCOME DEDUCTIONS

Description: Ordinary and reasonable expenses necessary to operate a business or profession may be deducted from the gross receipts of that business or profession. This expenditure does not measure the cost of sales and operations or wages and salaries deductions.

Purpose: Businesses and professions are taxed on "net" profits; therefore, expenses necessary to produce the income may be deducted before tax is computed.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<i>Depreciation:</i>						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 166.5	\$ 174.3	\$ 174.4	\$ 180.0	\$ 189.0	\$ 198.6	\$ 208.2
	<i>Other:</i>						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$1,957.2	\$2,048.5	\$2,049.6	\$2,115.7	\$2,220.9	\$2,334.7	\$ 2,446.8

Beneficiaries: Approximately 1.2 million businesses and professions benefit from this tax expenditure.

FOSTER CARE

Description: Payments received by foster parents are explicitly excluded from the definition of compensation.

Purpose: This exemption provides an incentive for families to bear the burden of caring for foster children.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 3.3	\$ 3.5	\$ 3.8	\$ 4.0	\$ 4.3	\$ 4.6	\$ 5.0

Beneficiaries: The foster parents of approximately 22,000 children benefit from this tax expenditure.

QUALIFIED TUITION PROGRAMS

Description: Act 67 of 2006 provides a personal income tax deduction for qualified tuition program contributions. Rollovers, undistributed earnings, and distributions used for qualified higher education expenses are not taxable. This applies to taxable years beginning after December 31, 2005.

Purpose: These provisions lessen the burden of tax on families saving for college education.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 19.7	\$ 22.2	\$ 25.0	\$ 28.2	\$ 31.8	\$ 36.0	\$ 40.7

Beneficiaries: At least 89,000 taxpayers benefit from this tax expenditure.

EXEMPTION FOR ELECTION OFFICIALS

Description: Compensation and other payments received by county election officials are exempt from taxation.

Purpose: This exemption provides an incentive to serve as a county election official.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.8	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9	\$ 0.9

Beneficiaries: As many as 104,400 election officials benefit from this tax expenditure.

PENNSYLVANIA LOTTERY WINNINGS

Description: Prizes of the Pennsylvania Lottery are exempt from the state personal income tax. Prior to fiscal year 1999-00, an amount equal to total Lottery prizes paid multiplied by the current PIT rate was transferred from the Lottery Fund to the General Fund. Since the General Fund was reimbursed for the exemption of Lottery prizes, this transfer was considered a Lottery expenditure. Act 4 of 1999 eliminated the transfer, creating an actual General Fund expenditure.

Purpose: This provision provides an additional benefit to individuals winning lottery prizes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 12.3	\$ 12.4	\$ 12.4	\$ 12.5	\$ 12.5	\$ 12.6	\$ 12.7

Beneficiaries: Approximately 50,800 residents benefit from this expenditure.

STATE/LOCAL OBLIGATIONS

Description: State and local governments and authorities may issue bonds to raise funds in order to finance a variety of public projects, including infrastructure improvement or construction, and provide essential services. When a bond is issued, the issuer is obligated to repay the borrowed bond proceeds, at a specified rate of interest, by some future date. Interest paid on Pennsylvania government-issued municipal bonds is exempt from Pennsylvania state income taxes.

Purpose: Because of this tax exempt feature, investors will usually accept lower interest payments than on other types of borrowing, lowering the overall cost for the government bond issuer.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 94.7	\$ 99.6	\$ 91.7	\$ 97.8	\$ 106.9	\$ 121.2	\$ 125.8

Beneficiaries: Approximately 290,000 Pennsylvanians benefit from this expenditure.

CREDITS

SPECIAL POVERTY PROVISIONS (TAX FORGIVENESS)

Description: Special tax forgiveness provisions allow eligible claimants to reduce their tax liability depending on the amount of their eligibility income. For tax year 2008, a taxpayer with no dependents and with eligibility income of \$8,750 or less will qualify for some amount of forgiveness. A married couple with no dependents and with eligibility income of \$15,250 or less will also qualify for some amount of forgiveness. The eligibility income limits increase by \$9,500 for each dependent.

Purpose: This provision provides tax relief for taxpayers with low incomes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 310.3	\$ 301.0	\$ 291.9	\$ 283.2	\$ 274.7	\$ 266.4	\$ 258.4

Beneficiaries: Individuals filing approximately 1.4 million returns benefit from this tax expenditure.

OUT-OF-STATE CREDIT

Description: Pennsylvania residents who have income which is subject to both Pennsylvania personal income tax and the income or wage tax of another state (excluding compensation earned in states with reciprocal agreements) or country may claim the lesser of the actual tax paid to the other state or country, or the tax calculated using Pennsylvania taxable income earned in the other state or country, multiplied by the current Pennsylvania tax rate as a credit against the personal income tax.

Purpose: This provision prevents the double taxation of income earned by a Pennsylvania resident in another state or country.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 281.7	\$ 295.0	\$ 307.3	\$ 319.9	\$ 334.0	\$ 347.8	\$ 360.9

Beneficiaries: Individuals filing approximately 152,400 returns benefit from this tax expenditure.

VOLUNTEER RESPONDER RETENTION AND RECRUITMENT TAX CREDIT

Description: Act 66 of 2008 created a one-time tax credit awardable for the 2008 taxable year and available to a volunteer for a volunteer ambulance service, volunteer fire company, or volunteer rescue company. Eligibility and credit amount for the credit is determined by a points system and the number of months as an active volunteer. The maximum credit per volunteer is one hundred dollars, which will be awarded in order of applications received until the \$4.5 million credit cap is met. Any unused credits may be carried forward for up to three years; however, they may not be sold, reassigned, carried back, or refunded.

Purpose: The purpose of the tax credit is to recruit and retain active volunteer responders.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	\$ --	\$ --	\$ --	\$ --

Beneficiaries: The 85,000 volunteer responders in Pennsylvania could benefit from the tax credit.

ESTIMATED TAXES

ESTIMATED TAXES FOR FIDUCIARIES

Description: Act 40 of 2005 states that fiduciaries are allowed to adopt the federal annualization rules for calculating estimated payments. This change may lower or eliminate one or more estimated payments. These provisions apply to payments made after June 30, 2006.

Purpose: The adoption of annualized federal rules for calculating estimated payments for estates and trusts allow fiduciaries to have consistent payments between state and federal laws.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 5.0	\$ 3.1	\$ 3.6	\$ 4.5	\$ 5.0	\$ 5.3	\$ 5.8

Beneficiaries: Approximately 43,800 fiduciaries are estimated to benefit from this tax expenditure.

ESTIMATED TAXES FOR FARMERS

Description: Individuals having an estimated gross income from farming which is at least two-thirds of their total gross income may file an estimated tax declaration any time on or before January 15 of the succeeding year. If such an individual files a final return and pays the entire tax due by March 1, the return may be considered the declaration due on or before January 15. The estimates measure the interest lost due to delayed estimated payments.

Purpose: This provision provides assistance to farmers by allowing more liberal estimated payment rules, enhancing the farmers' cash flow.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Farmers operating approximately 59,000 farms benefit from this tax expenditure.

General Fund Tax Expenditures

ESTIMATED PAYMENTS FOR SMALL AMOUNTS

Description: Individuals with taxable income of \$8,000 or less not subject to withholding are not required to pay estimated taxes. The threshold was changed from \$2,500 effective January 1, 2000.

Purpose: These provisions reduce paperwork for the Department of Revenue and taxpayers with small amounts of income not subject to withholding.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 1.5 million Pennsylvania residents benefit from this tax expenditure.

REALTY TRANSFER TAX

Authorization: Article XI-C of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The realty transfer tax is a documentary stamp tax on the value of any interest in real estate transferred by deed. The tax rate is 1 percent of the value of the real estate transferred. Each party to a document is jointly and severally liable for the tax imposed, unless the party is an excluded party or the document evidences an excludable transaction. The excluded status of a party does not relieve the other parties to a transaction from the entire tax due. The amounts below represent the General Fund portion of the realty transfer tax expenditures only and do not include expenditures for the portion transferred to the Keystone Recreation, Park, and Conservation Fund pursuant to Act 50 of 1993, as amended by Act 89 of 2002. Prior to Act 89 of 2002, 15 percent of the state levied realty transfer tax was transferred to the Keystone Recreation, Park, and Conservation Fund. Act 89 of 2002 lowered the transfer to 10 percent for January 2002 through June 2002 and to 7.5 percent for July 2002 through June 2003. For July 2003 and thereafter the transfer rate returns to 15 percent. Act 67 of 2006 lowered the transfer rate to 2.1 percent for Fiscal Year 2006-07 only. For July 2007 and thereafter the rate will return to 15 percent.

Administrative Costs: Costs to administer the realty transfer tax expenditures are approximately \$0.3 million annually.

TRANSFERS TO GOVERNMENTAL UNITS

Description: A transfer to the commonwealth, the federal government or their agencies, political subdivisions, or instrumentalities by gift, dedication, condemnation or in lieu of condemnation is exempt from taxation.

Purpose: This exemption provides tax relief to the grantor of property to a governmental entity. Without an exemption, the grantor would be required to pay the tax. The exemption may encourage donation of property to a governmental entity.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 2.2	\$ 2.3	\$ 2.8	\$ 3.2	\$ 3.4	\$ 3.7	\$ 4.2

Beneficiaries: Approximately 3,200 local governmental units could benefit from this tax expenditure.

PARTITION OF REALTY BY CO-TENANTS

Description: A partition of realty, passed by testate or intestate succession and held by co-tenants, into two or more distinctive portions with each party taking shares equal to their undivided interest, is an excluded transaction.

Purpose: Tax relief is given to the heirs to assist in the equitable settlement of the estate. Heirs to realty do not always want joint ownership in the realty willed to them as co-tenants. This exemption enables the parties to partition the realty into two or more distinct portions with each party taking shares equal to their undivided interest without incurring tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

TRANSFERS AMONG FAMILY MEMBERS

Description: Transfers between husband and wife, parent and child or the spouse of such child, siblings and/or the spouse of a sibling, and a grandparent and grandchild or the spouse of such a grandchild are exempt from taxation.

Purpose: This exemption reduces the tax burden on families by exempting transfers to family members.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 43.0	\$ 44.8	\$ 55.0	\$ 61.0	\$ 65.4	\$ 70.5	\$ 81.7

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

TRANSFERS TO SHAREHOLDERS OR PARTNERS

Description: A transfer from a corporation or association to its shareholder or member, where the grantee owns stock or holds an interest in the same proportion as his interest in the real estate being conveyed, is an excluded transaction. The stock or interest must be held by the grantee for more than two years.

Purpose: This exemption recognizes that the grantee has an ownership interest in the realty conveyed to him in the same proportion as stock owned in the corporation or interest in the association.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 1.0	\$ 1.0	\$ 1.3	\$ 1.4	\$ 1.5	\$ 1.6	\$ 1.9

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

TRANSFERS TO OR FROM A NONPROFIT INDUSTRIAL DEVELOPMENT AGENCY

Description: A transfer to a nonprofit industrial development agency or authority is an excluded transaction. A transfer from a nonprofit industrial development agency or authority to a grantee purchasing directly from it is an excluded transaction if (1) the grantee uses such real estate for the primary purpose of manufacturing, fabricating, compounding, processing, publishing, research and development, transportation, energy conversion, energy production, pollution control, warehousing, or agriculture and (2) the authority has full ownership interest in the real estate transferred.

Purpose: These exemptions encourage transfers of realty to nonprofit organizations for industrial development and from nonprofit organizations for use in various activities that may contribute to economic development in the commonwealth.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 2.2	\$ 2.3	\$ 2.8	\$ 3.1	\$ 3.3	\$ 3.6	\$ 4.1

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

General Fund Tax Expenditures

TRANSFERS BETWEEN RELIGIOUS ORGANIZATIONS

Description: A transfer between religious organizations or persons holding title for a religious organization, with both parties possessing tax-exempt status under the Internal Revenue Code, is an excluded transaction. The real estate cannot have been used by such transferor for commercial purposes.

Purpose: This exemption provides tax relief to religious organizations that are perceived to provide social benefits.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.8	\$ 0.9	\$ 1.1	\$ 1.2	\$ 1.3	\$ 1.4	\$ 1.6

Beneficiaries: Approximately 16,300 religious organizations could benefit from this tax expenditure.

TRANSFERS TO A CONSERVANCY

Description: A transfer to or from a conservancy that possesses a tax-exempt status pursuant to the Internal Revenue Code and which has as its primary purpose preservation of land for historic, recreational, scenic, agricultural, or open space opportunities is an excluded transaction.

Purpose: This exemption encourages the preservation of realty with historic, recreational, scenic, or agricultural value.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: Approximately 70 land conservancies could benefit from this tax expenditure.

REAL ESTATE DEVOTED TO AGRICULTURE

Description: A transfer of real estate devoted to the business of agriculture to a family farm corporation or family farm partnership by a member of the same family is an excluded transaction. The family must own at least 75 percent of each class of stock in a family farm corporation. The family farm may also lease the farmland as long as it is used for farming.

Purpose: This exemption provides tax relief for the establishment or expansion of the family farm corporation or family farm partnership thereby recognizing the importance of the family-owned farm.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 3,980 family farm corporations or partnerships could benefit from this tax expenditure.

OWNERSHIP INTEREST IN REAL ESTATE COMPANY OR FAMILY FARM

Description: A transfer between members of the same family of an ownership interest in a real estate company, family farm corporation, or family farm partnership is an excluded transaction.

Purpose: A transfer of ownership interest between members of the same family is not considered a change in ownership of the business. This exemption encourages the preservation of family farm corporations, family farm partnerships, and family-owned real estate businesses by allowing transfers of ownership interests between members of the same family not to count toward the corporation becoming an acquired company.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 3,980 family farm corporations or partnerships and an unknown number of real estate companies could benefit from this tax expenditure.

TRANSFERS OF REALTY VALUED AT \$100 OR LESS

Description: A transaction where the tax due is one dollar (\$1.00) or less is an excluded transaction.

Purpose: The administrative costs of collecting the revenue from a transfer of realty valued at one hundred dollars or less are thought to be greater than the revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

PRODUCTION OR EXTRACTION OF COAL, OIL, NATURAL GAS, OR MINERALS

Description: Leases for the production or extraction of coal, oil, natural gas, or minerals and assignments thereof are excluded transactions.

Purpose: This exemption gives tax relief to the mining and extracting industries to produce and extract coal, oil, natural gas, and minerals at a lower cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 1,360 companies may benefit from this tax expenditure.

PUBLIC UTILITY EASEMENTS

Description: A transfer of an easement to a person furnishing public utility service is an excluded transaction if the easement is used in, or useful for, furnishing public utility services.

Purpose: Public utility easements are numerous and the majority of them are conveyed for a small consideration. The administrative costs of collecting the revenue from an easement to a provider of public utility services are thought to be greater than the revenue.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The 315 public utilities could benefit from this tax expenditure.

STANDING TIMBER OR CROPS

Description: Standing timber and crops are not deemed to actually pass with the conveyance of realty when the instrument provides for severance and removal within an immediate ascertainable date.

Purpose: Timber and crops are personal property in this instance, the transfer of which is not subject to realty transfer tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

INHERITANCE TAX

Authorization: Article XXI of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

Administrative Costs: Costs to administer the inheritance tax expenditures are included in the personal income tax administrative cost estimates. Costs incurred to administer the multiple tax expenditures associated with inheritance tax cannot be separately identified.

FAMILY RELATED EXEMPTIONS AND EXCLUSIONS

PREFERENTIAL RATE FOR TRANSFERS TO LINEAL BENEFICIARIES

Description: Effective July 1, 2000, assets transferred to lineal beneficiaries are taxed at a 4.5 percent rate rather than the 15 percent rate for assets transferred to non-lineal heirs. Lineal beneficiaries include grandparents, parents, and lineal descendants (including adopted or step children). Prior to July 1, 2000, transfers to lineal beneficiaries were taxed at a rate of 6 percent.

Purpose: This provision reduces the tax burden on the immediate family members of the decedent.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$1,005.0	\$1,047.2	\$1,094.1	\$1,143.9	\$1,197.0	\$1,252.3	\$ 1,308.4

Beneficiaries: Approximately 35,600 estates benefit from this tax expenditure.

TRANSFERS OF PROPERTY TO SPOUSE

Description: Property passing to a spouse of a decedent is exempt from inheritance tax. This estimate is based on the difference between taxing all assets transferred between spouses at the lineal rate of 4.5 percent and the spousal rate of 0 percent.

Purpose: This provision prevents an undue tax burden on a surviving spouse especially when assets cannot be jointly owned. It allows spouses to maintain homes and other assets without being subject to inheritance tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$1,452.4	\$1,513.3	\$1,581.1	\$1,653.0	\$1,729.7	\$1,809.7	\$1,890.9

Beneficiaries: Approximately 34,000 estates benefit from this tax expenditure.

EXEMPTION FOR TRANSFERS OF PROPERTY FROM A CHILD TO PARENT

Description: Property passing from a child twenty-one years of age or younger to a parent is subject to a 0 percent tax rate. This estimate measures the difference between taxing child to parent transfers at the lineal rate of 4.5 percent and the child to parent rate of 0 percent.

Purpose: This provision reduces the tax burden on families receiving assets due to the untimely death of a child. The transfer of assets to parents was previously taxed as a lineal transfer. This rate change, authorized by Act 23 of 2000, is effective for decedents dying July 1, 2000 or later.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.6	\$ 0.6	\$ 0.6

Beneficiaries: Approximately 90 estates benefit from this tax expenditure.

PREFERENTIAL RATE FOR TRANSFERS TO SIBLINGS

Description: Effective July 1, 2000, assets transferred to siblings, defined as brothers or sisters with at least one parent in common, by blood or adoption, are taxed at a rate of 12 percent rather than the rate of 15 percent for assets transferred to non-lineal heirs. Prior to July 1, 2000, transfers to siblings were taxed at a rate of 15 percent.

Purpose: This provision reduces the tax burden on estates that transfer assets to a sibling of the decedent. It recognizes that a sibling is often a decedent's closest relative and that transfers to siblings should be taxed at a lower rate than transfers to unrelated beneficiaries.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 22.8	\$ 23.7	\$ 24.8	\$ 25.9	\$ 27.1	\$ 28.4	\$ 29.6

Beneficiaries: Approximately 4,700 estates benefit from this tax expenditure.

LIFE INSURANCE PROCEEDS

Description: Life insurance proceeds, whether or not payable to the estate of the decedent, are exempt from inheritance tax.

Purpose: This provision lessens the tax burden on the insurance beneficiaries of the decedent, who are likely to be family members. A common reason for purchasing life insurance is to assist with the payment of inheritance and estate taxes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 105.7	\$ 110.2	\$ 115.0	\$ 119.9	\$ 125.1	\$ 130.4	\$ 136.0

Beneficiaries: Estates of the decedents associated with approximately 77,000 life insurance policies benefit from this expenditure.

General Fund Tax Expenditures

FEDERAL WAR RISK INSURANCE AND NATIONAL SERVICE LIFE INSURANCE PROCEEDS

Description: Proceeds of federal war risk insurance, national service life insurance, or other similar governmental insurance are exempt from inheritance tax.

Purpose: This provision lessens the tax burden on beneficiaries of U.S. military personnel and dependents who receive increased insurance when stationed in an area where military conflict is possible.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.3	\$ 0.2	\$ 0.2	NA	NA	NA	NA

Beneficiaries: The families of fallen Pennsylvanians benefit from this tax expenditure.

FAMILY EXEMPTION

Description: A \$3,500 family exemption from inheritance tax is permitted for the decedent's surviving spouse, children, or parents living in the decedent's household at the time of death.

Purpose: This provision allows a small tax-free transfer of property to immediate family members residing with the decedent. Smaller taxable estates benefit to a greater extent.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 1.6	\$ 1.6	\$ 1.7	\$ 1.8	\$ 1.9	\$ 2.0	\$ 2.0

Beneficiaries: Approximately 7,900 families benefit from this tax expenditure.

PERSONAL EXCLUSIONS AND DEDUCTIONS

EMPLOYMENT BENEFITS

Description: Employment benefits that the decedent did not have the right to possess, enjoy, assign, or anticipate before death are exempt from inheritance tax. Exempt benefits include pensions, stock-bonuses, profit-sharing plans, Keoghs, Individual Retirement Accounts, and other retirement plans. If the decedent did have the right to possess, enjoy, assign, or anticipate the benefits, they are exempt from Pennsylvania inheritance tax only to the same extent they are exempt from the federal estate tax.

Purpose: This provision limits inheritance tax on employment benefits to which the decedent did not have full rights. An individual is presumed to have full rights to these employment benefits after age 59 ½, the age at which someone may utilize at least a portion of these funds without penalty under the Internal Revenue Code.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 5.6	\$ 5.8	\$ 6.0	\$ 6.2	\$ 6.5	\$ 6.7	\$ 6.9

Beneficiaries: Estates of the approximately 7,000 decedents of working age and under 59½ at death may benefit from this tax expenditure.

General Fund Tax Expenditures

ESTATE ADMINISTRATION EXPENSES

Description: Expenses for attorney fees, funeral and burial expenses, tombstones and grave markers, and other expenses incurred in administering the estate are deductible from the taxable estate.

Purpose: This provision allows for the deduction of reasonable and necessary expenses associated with managing the estate.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 63.1	\$ 66.0	\$ 68.9	\$ 72.0	\$ 75.2	\$ 78.5	\$ 82.0

Beneficiaries: Approximately 48,300 estates benefit from this tax expenditure.

DEBTS AND LIABILITIES OF THE DECEDENT

Description: A deduction from the gross estate is allowed for debts and liabilities of the decedent.

Purpose: This provision increases the fairness of the tax by ensuring that property is included in the taxable estate based on its net value. For example, a mortgage is deducted from the value of real property to properly value the decedent's interest in that property.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 59.7	\$ 62.3	\$ 65.1	\$ 68.0	\$ 71.0	\$ 74.2	\$ 77.5

Beneficiaries: Approximately 35,500 estates benefit from this tax expenditure.

SOCIAL SECURITY DEATH PAYMENTS

Description: The lump-sum social security death benefit is exempt from inheritance tax.

Purpose: This provision helps limit the impact of the tax on poorer beneficiaries. The social security death benefit could comprise the majority of assets for many small taxable estates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0

Beneficiaries: As many as 59,600 estates may benefit from this tax expenditure.

RAILROAD RETIREMENT BURIAL BENEFITS

Description: The lump-sum railroad retirement burial benefit is exempt from inheritance tax.

Purpose: This provision helps limit the impact of the tax on poorer beneficiaries. The railroad retirement burial benefit could comprise the majority of assets for many small taxable estates.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: An estimated 200 estates receive lump sum benefit payments from the U.S. Railroad Retirement Board.

ADVANCEMENTS

Description: Transfers made as an advancement of or on account of an intestate share or in satisfaction or partial satisfaction of a gift by will are exempt unless the gift was made within a year of death and gifts to the transferee exceeded \$3,000 during that calendar year.

Purpose: Gifts, as long as they are not made within one year of the date of death, are exempt from inheritance tax. This provision provides that these advancements be treated as gifts that are not intended to avoid the tax.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 59,600 estates might benefit from this tax expenditure.

PROPERTY SUBJECT TO POWER OF APPOINTMENT

Description: Property left to a trust by the decedent (grantor) subject to a power of appointment (by a grantee), whether or not exercised and notwithstanding any blending of such property with property of the grantee, is exempt from inheritance tax in the estate of the grantee.

Purpose: Pennsylvania taxes the transfer of these assets subject to a power of appointment at the time the interest is created (when the grantor dies). The grantee may have a life interest in the estate with any remainder passing to some other person. This provision prevents taxation when the property is subsequently distributed upon the death of the grantee, having already been taxed in the estate of the grantor.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

NOMINAL OWNERSHIP OF PROPERTY

Description: Property held in the name of a decedent who held no beneficial interest in the property is exempt from inheritance tax.

Purpose: This provision prevents property in which the decedent had no real interest from being included in the taxable estate.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

BUSINESS RELATED EXCLUSIONS AND DEDUCTIONS

PREFERENTIAL VALUATION OF FARMLAND

Description: Farmland which was devoted to agricultural use for the three years preceding the death of the decedent, and is not less than ten contiguous acres or has an anticipated yearly gross income derived from agricultural use of \$2,000 or more, is valued based on its current use rather than its highest use.

Purpose: This provision helps to maintain family farms since land currently devoted to agricultural use is often more valuable if developed.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

SMALL BUSINESS INTEREST TRANSFER EXTENDED PAYMENT SCHEDULE

Description: The inheritance tax due on the transfer of a qualified small business interest may be paid in twenty consecutive quarterly installments beginning nine months after the decedent's death. Each installment payment bears interest of 9 percent per annum.

Purpose: This provision helps protect small businesses upon the death of the owner from a sudden tax burden. Payments are spread out over time so that asset sales can be avoided.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this expenditure is unknown.

PREFERENTIAL VALUATION OF AGRICULTURAL CONSERVATION EASEMENTS ---

Description: An agricultural conservation easement is a deed restriction landowners voluntarily place on their property to protect productive agricultural land. They are used to authorize a qualified conservation organization or public agency to monitor and enforce the restrictions set forth in the agreement. Act 67 of 2006 provided that the value of an agricultural conservation easement is set at 50 percent of what the land would otherwise be valued for purposes of inheritance tax assessments.

Purpose: This provision helps to maintain family farms and increase participation in the preservation of the commonwealth's farmland.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.5	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.7	\$ 0.8	\$ 0.8

Beneficiaries: The owners of 63,200 farms might benefit from this tax expenditure.

OTHER EXCLUSIONS

TRANSFERS TO GOVERNMENTS ---

Description: Intervivos transfers and bequests to governments are exempt from inheritance tax.

Purpose: This exemption is an indirect means of assistance to governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.4	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.6	\$ 0.6

Beneficiaries: Approximately 3,900 governmental units could benefit from this tax expenditure.

TRANSFERS TO CHARITABLE AND FRATERNAL ORGANIZATIONS ---

Description: Intervivos transfers and bequests to charitable and fraternal organizations are exempt from inheritance tax.

Purpose: Charitable and fraternal organizations provide public services that are believed to benefit citizens. This exemption represents an indirect means of assistance to these entities and may increase the money available for charitable purposes.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 123.4	\$ 129.0	\$ 134.7	\$ 140.7	\$ 147.0	\$ 153.5	\$ 160.4

Beneficiaries: An estimated 32,800 charitable and fraternal organizations might benefit from this tax expenditure.

TABLE GAME TAXES

Authorization: Chapter 13A of Title 4 of the Pennsylvania Consolidated Statutes.

Act 1 of January 7, 2010, (P.L. 1, No. 1) imposed table game taxes on gross table game revenue of licensed gaming entities in Pennsylvania.

The table game taxes are imposed on gross table game revenue, which is defined as total cash or cash equivalents received in the playing of table games, contest or tournament fees or payments, and total amount of rakes collected minus cash or cash equivalents paid out, paid to purchase annuities to fund prizes, and paid for personal property distributed to patrons as a result of playing a table game.

The tax rates are 14 percent of gross table game revenue for 2 years following commencement of table game operations at the facility and 12 percent thereafter, and an additional 34 percent of gross table game revenue from table games played on fully automated electronic gaming tables.

Table game taxes contain no tax expenditures as defined for this tax expenditure analysis.

LIQUID FUELS AND FUELS TAX

Authorization: Chapter 90 of Title 75 of the Pennsylvania Consolidated Statutes.

The Act of April 17, 1997 (P.L. 1531, No. 3) established a permanent trust fund tax of 12.0 cents per gallon imposed on all liquid fuels and fuels used or sold and delivered by distributors in the commonwealth. Prior to Act 3, liquid fuels were taxed under the provisions of the Act of May 21, 1931 (P.L. 149, No. 105), as amended, known as the Liquid Fuels Tax Act, and fuels were taxed under the Act of January 14, 1952 (P.L. 1965 No. 550), as amended, known as the Fuels Use Tax Act. Both of these acts were repealed effective October 1, 1997. Aviation gasoline and jet fuel are also taxed under the liquid fuels and fuels tax. However, separate tax rates are set for these fuels. Effective January 1, 2012, the tax rate for aviation gasoline is 5.9 cents per gallon, and the tax rate for jet fuels is 2.0 cents per gallon.

OIL COMPANY FRANCHISE TAX

Authorization: Chapter 95 of Title 75 of the Pennsylvania Consolidated Statutes.

The Act of April 17, 1997 (P.L. 1531, No. 3) of 1997 imposed a tax of 153.5 mills for all taxable liquid fuels and 208.5 mills for all taxable fuels on oil companies conducting business in Pennsylvania. The Oil Franchise tax is calculated annually by multiplying total gallons of fuels and liquid fuels by the average wholesale price established by the Department of Revenue. Minimum and maximum average wholesale prices are statutorily set at \$0.90 and \$1.25 per gallon, respectively. The tax rate for calendar year 2010 is 19.2 cents per gallon for liquid fuels and 26.1 cents per gallon for fuels. Receipts from 57 mills of the tax are deposited as unrestricted Motor License Fund revenue.

ALTERNATIVE FUELS TAX

Authorization: Chapter 90 of Title 75 of the Pennsylvania Consolidated Statutes.

The Act of April 17, 1997 (P.L. 1531, No. 3) imposed a tax on alternative fuels used to propel vehicles on public highways. Alternative fuels include natural gas, compressed natural gas, liquid propane gas and liquefied petroleum gas, alcohols, gasoline-alcohol mixtures containing at least 85 percent alcohol by volume, hydrogen, hythane, electricity, and any other fuel not taxable as liquid fuels or fuels. The tax rate applied to each gasoline gallon equivalent of alternative fuel equals the current liquid fuels tax and oil company franchise tax applicable to one gallon of gasoline.

Administrative Costs: Costs to administer the multiple tax expenditures associated with the liquid fuels and fuels, oil company franchise, and alternative fuels taxes cannot be separately identified. Tax expenditures are a significant factor associated with the need for more compliance audits and the increased complexity of such audits.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6

Motor License Fund Tax Expenditures

POLITICAL SUBDIVISIONS

Description: Fuels purchased by political subdivisions of the commonwealth are exempt from the tax.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 4.4	\$ 4.4	\$ 4.4	\$ 4.5	\$ 4.5	\$ 4.5	\$ 4.6
	Jet Fuel & Aviation Gasoline:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 5.9	\$ 5.9	\$ 6.0	\$ 6.0	\$ 6.0	\$ 6.1	\$ 6.2
	Oil Company Franchise:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 19.8	\$ 19.9	\$ 20.0	\$ 20.2	\$ 20.3	\$ 20.5	\$ 20.7

Beneficiaries: Approximately 3,130 governmental units benefit from these tax expenditures.

VOLUNTEER EMERGENCY VEHICLES

Description: Fuel purchased by a volunteer fire company, volunteer ambulance service, or volunteer rescue squad, and used solely in official vehicles, is exempt from the tax.

Purpose: Volunteer emergency organizations provide public services that are perceived to benefit citizens. This exemption permits these services to be rendered at a reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5	\$ 0.5
	Jet Fuel & Aviation Gasoline:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 2.8	\$ 2.8	\$ 2.8	\$ 2.9	\$ 2.9	\$ 2.9	\$ 2.9
	Oil Company Franchise:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 6.9	\$ 6.9	\$ 6.9	\$ 7.0	\$ 7.0	\$ 7.1	\$ 7.2

Beneficiaries: Approximately 2,300 volunteer fire departments and an unknown number of other volunteer organizations benefit from these tax expenditures.

Motor License Fund Tax Expenditures

NONPROFIT NONPUBLIC SCHOOLS

Description: Fuel purchased by any nonprofit nonpublic school in which a commonwealth resident may legally fulfill compulsory school attendance requirements is granted an exemption from the tax.

Purpose: Since state government indirectly subsidizes transporting public school children, this exemption provides similar treatment to nonprofit nonpublic schools.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Jet Fuel & Aviation Gasoline:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Oil Company Franchise:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: As many as 3,000 nonprofit nonpublic schools may benefit from these tax expenditures.

SECOND CLASS COUNTY PORT AUTHORITIES

Description: Purchases of fuel by second class county port authorities are exempt from the tax.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA
	Jet Fuel & Aviation Gasoline:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA
	Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA
	Oil Company Franchise:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: One second class county port authority benefits from this tax expenditure.

Motor License Fund Tax Expenditures

ELECTRIC COOPERATIVES

Description: Fuel purchases for vehicles operated by electric cooperatives are exempt from the tax.

Purpose: These cooperatives are nonprofit corporations organized to engage in rural electrification and are perceived to provide a public benefit. This exemption permits this service to be rendered at a reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Jet Fuel & Aviation Gasoline:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Oil Company Franchise:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: There are 13 electric cooperatives in the commonwealth that benefit from these tax expenditures.

AGRICULTURAL USE

Description: A full refund of tax paid is granted for fuel consumed in agricultural use relating to the actual production of farm products. Fuel used in farm machinery or equipment engaged in the production or harvesting of agricultural products is exempt from taxation under these provisions.

Purpose: This exemption allows farmers to provide agricultural products at a reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8
	Jet Fuel & Aviation Gasoline:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2
	Oil Company Franchise:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.8	\$ 1.9

Beneficiaries: Individuals operating approximately 63,200 farms benefit from these tax expenditures.

Motor License Fund Tax Expenditures

TRUCK REFRIGERATION UNITS

Description: A full refund of tax paid is granted for undyed diesel fuel used in truck refrigeration units when the tank that fuels the refrigeration unit is used solely for that purpose and is separate from that which powers the vehicle.

Purpose: This provision allows a refund for fuel consumed in an off-road manner when such use can be clearly documented.

(Dollar Amounts in Millions)

Estimates:	Liquid Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA
	Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8	\$ 0.8
	Oil Company Franchise:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.6	\$ 1.7

Beneficiaries: Approximately 270 entities benefit from these tax expenditures.

POWER TAKE-OFF

Description: A full refund of tax paid is granted for undyed fuel consumed in a power takeoff unit used to load or unload farm feed, feed products, lime, or limestone products for agricultural use at a farm. Tax paid will be refunded provided that the fuel usage is documented by an electronic monitoring device used in conjunction with an electronically controlled engine.

Purpose: This provision allows a refund for fuel consumed in an off-road manner when such use can be clearly documented.

(Dollar Amounts in Millions)

Estimates:	Liquid Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Oil Company Franchise:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: A minimal number of taxpayers benefit from these tax expenditures.

Motor License Fund Tax Expenditures

DISCOUNT

Description: A distributor is permitted a variable percentage discount based on gross tax due provided the liquid fuels and fuels tax return and payment due are timely filed. Returns and payments are generally due on or before the 20th day of each month for the preceding month's sales.

Purpose: This discount is intended to defray the cost of preparing and remitting the liquid fuels and fuels tax reports and payments.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 4.3	\$ 4.3	\$ 4.3	\$ 4.4	\$ 4.4	\$ 4.4	\$ 4.5
	Jet Fuel & Aviation Gasoline:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal
	Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5

Beneficiaries: Approximately 850 distributors benefit from these tax expenditures.

FOREIGN DIPLOMATS

Description: Fuel purchased by foreign diplomats whose countries have entered into a treaty with the United States is exempt from payment of the tax.

Purpose: The commonwealth grants this exemption administratively at the request of the federal government.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Liquid Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA
	Jet Fuel & Aviation Gasoline:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA
	Fuels:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA
	Oil Company Franchise:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of foreign diplomats benefiting from these tax expenditures is unknown but presumed to be nominal.

Motor License Fund Tax Expenditures

BUSES

Description: A bus company is entitled to a refund equal to 55 mills of the oil company franchise tax imposed on fuels consumed by motorbuses within this commonwealth.

Purpose: Act 3 of 1997 repealed the 6 cent surtax imposed on all motor carriers and replaced it with a 55 mill increase in the oil company franchise tax imposed on fuels. Since buses were historically exempt from the surtax, they have been granted a refund for the 55 mill surtax replacement effective January 1, 1999.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4

Beneficiaries: Approximately 80 bus companies benefit from this tax expenditure.

Motor License Fund Tax Expenditures

MOTOR CARRIERS ROAD TAX / IFTA

Authorization: Chapter 96 of Title 75 of the Pennsylvania Consolidated Statutes.

The motor carriers road tax is equal to the current Pennsylvania liquid fuels and fuels or alternative fuels tax rate per gallon plus the oil franchise tax currently in effect. Prior to October 1, 1997, an additional tax of 6 cents per gallon was collected through the motor carriers road tax. Effective October 1, 1997, this tax was repealed and replaced by a tax of 55 mills on each gallon of fuels and collected through the oil franchise tax. Effective January 1, 1996, under Act 75 of 1995, Pennsylvania implemented the provisions of the International Fuel Tax Agreement (IFTA). Under IFTA, fuel consumed in "qualified motor vehicles" is subject to taxation at current rates. A qualified motor vehicle is a motor vehicle, other than a recreational vehicle, which is used, designed, or maintained for transportation of persons or property and which has two axles and a registered gross weight exceeding 26,000 pounds, three axles or more regardless of weight, or used in combination when the registered gross weight exceeds 26,000 pounds. IFTA provisions do not distinguish taxable use by vehicle types, only by weight and axle configuration. Therefore, Act 75 of 1995 repealed the motorbus road tax effective January 1, 1996. The following estimates reflect the full tax rate imposed.

Administrative Costs: Costs to administer the multiple tax expenditures associated with motor carrier road tax/IFTA cannot be identified separately. Tax expenditures are not believed to be a significant factor associated with the need for more compliance audits and contribute minimally to the length of time necessary to complete such audits.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0

POLITICAL SUBDIVISIONS

Description: Vehicles operated by political subdivisions are exempt from the requirements of the motor carriers road tax.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 16.1	\$ 16.1	\$ 16.2	\$ 16.4	\$ 16.5	\$ 16.6	\$ 16.8

Beneficiaries: Approximately 3,130 governmental units benefit from this tax expenditure.

FARM VEHICLES

Description: Qualified motor vehicles bearing a Pennsylvania farm truck registration operating under restricted use, and farm vehicles exempt from registration, are exempt from the motor carriers road tax.

Purpose: This exemption allows farmers to provide agricultural products at a reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 4.8	\$ 4.8	\$ 4.8	\$ 4.8	\$ 4.9	\$ 4.9	\$ 5.0

Beneficiaries: Individuals operating approximately 63,200 farms benefit from this tax expenditure.

Motor License Fund Tax Expenditures

EMERGENCY VEHICLES

Description: Fire, rescue, ambulance, and select other emergency vehicles are exempt from the motor carriers road tax.

Purpose: Emergency organizations provide public services that are perceived to benefit citizens. This exemption permits these services to be rendered at a reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 8.4	\$ 8.4	\$ 8.5	\$ 8.5	\$ 8.6	\$ 8.7	\$ 8.8

Beneficiaries: Approximately 2,400 fire departments and an unknown number of other organizations benefit from this tax expenditure.

SPECIAL MOBILE EQUIPMENT

Description: Vehicles not designed or used primarily for the transportation of persons or property and that only incidentally operate or move over a highway, such as ditch digging apparatus, well-boring apparatus, earth moving and road construction machinery, are exempt from the motor carriers road tax.

Purpose: Exemption is granted to these vehicles because of their specialized off-highway use.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: The owners of approximately 2,300 special mobile equipment vehicles benefit from this tax expenditure.

IMPLEMENTS OF HUSBANDRY

Description: A vehicle designed or adapted to be used exclusively for agricultural operations is exempt from the motor carriers road tax.

Purpose: This exemption allows the farmer to provide agricultural products at a reduced price.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately 200 implements of husbandry vehicles benefit from this tax expenditure.

Motor License Fund Tax Expenditures

CHARITABLE AND RELIGIOUS ORGANIZATIONS

Description: Vehicles operated by charitable and religious organizations are exempt from the motor carriers road tax.

Purpose: These organizations provide services which are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 1.9	\$ 1.9	\$ 1.9	\$ 1.9	\$ 1.9	\$ 1.9	\$ 2.0

Beneficiaries: Approximately 27,000 charitable and religious organizations may benefit from this tax expenditure.

CHURCHES

Description: A motorbus owned by and registered to a church, under section 2105 of Title 75, is exempt from the motor carriers road tax.

Purpose: These organizations provide services which are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: As many as 10,500 churches may benefit from this tax expenditure.

ELECTRIC COOPERATIVES

Description: Qualified motor vehicles operated by electric cooperatives are exempt from the motor carriers road tax.

Purpose: These cooperatives are nonprofit corporations organized to engage in rural electrification and are perceived to provide public benefit. This exemption permits this service to be rendered at a reduced cost to the rate payers.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: There are 13 cooperatives in the commonwealth that benefit from this tax expenditure.

Motor License Fund Tax Expenditures

VEHICLES NEEDING EMERGENCY REPAIRS

Description: A qualified motor vehicle needing emergency repairs, which was granted authorization from the Pennsylvania State Police to enter this commonwealth, is exempt from the motor carriers road tax.

Purpose: This exemption was granted due to the temporary emergency nature of the vehicle entering Pennsylvania for needed repairs.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of individuals benefiting from this tax expenditure is unknown.

VEHICLES SECURING REPAIRS OR RECONDITIONING

Description: Exemption from the motor carriers road tax is provided for unladen or towed motor vehicles or unladen trailers entering Pennsylvania solely for the purpose of securing repairs or reconditioning.

Purpose: This exemption was granted so as to not discourage vehicle owners from obtaining repairs or reconditioning of a vehicle from a Pennsylvania business.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this tax expenditure is unknown.

SCHOOL BUSES

Description: Buses designed to carry 11 or more passengers used for the transportation of preprimary, primary, or secondary school students to or from public, private, or parochial schools, or school-related activities or events are exempt from the motor carriers road tax.

Purpose: Since state government indirectly subsidizes transporting school children, this exemption decreases state educational subsidy costs.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 9.2	\$ 9.3	\$ 9.3	\$ 9.4	\$ 9.5	\$ 9.5	\$ 9.6

Beneficiaries: Approximately 5,700 schools benefit from this tax expenditure.

Motor License Fund Tax Expenditures

RECREATIONAL VEHICLES

Description: Qualified motor vehicles, such as motor homes, pickup trucks with attached campers, and buses when used exclusively for personal pleasure by individuals, are exempt from the motor carriers road tax.

Purpose: The motor carrier road tax/IFTA requirements are intended to apply to selected commercial vehicles. This provision exempts personal use only vehicles which would otherwise be subject to these taxing requirements.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The number of taxpayers benefiting from this tax expenditure is unknown.

MOTOR VEHICLE CODE

Authorization: The Motor Vehicle Code, contained in Title 75 of the Act of June 17, 1976 (P.L. 162, No. 81), became effective July 1, 1977. This amended the Act of April 29, 1959 (P.L. 58, No. 32) known as The Vehicle Code. Contained in the Motor Vehicle Code are provisions for the titling, registration and licensing of vehicles, operation of vehicles, vehicle characteristics, and the administration and enforcement of the code.

Administrative Costs: Costs to administer the motor vehicle code tax expenditures are borne by the Department of Transportation and cannot be separately identified.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

VEHICLE REGISTRATIONS

Description: Specific entities that request the authority to operate a motor vehicle are granted a full or partial exemption from the registration fee. Not shown below are exempt categories with unknown numbers of vehicles which include, for example, mobile/modular homes and off road construction vehicles.

Purpose: This exemption provides relief to the organizations or individuals cited below. Many of those cited are dependent upon charitable contributions or augmented incomes. This exemption is also an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<i>Disabled/Severely Disabled Veterans:</i>						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: The owners of approximately 4,800 vehicles benefit from this tax expenditure.

Charitable Organizations:

<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.2	\$ 1.3

Beneficiaries: The owners of approximately 16,800 vehicles benefit from this tax expenditure.

Former Prisoners of War:

<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately 500 vehicles benefit from this tax expenditure.

Farm Trucks:

<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
\$ 3.4	\$ 3.4	\$ 3.5	\$ 3.5	\$ 3.5	\$ 3.6	\$ 3.6

Beneficiaries: The owners of approximately 10,600 farm trucks benefit from this tax expenditure.

Motor License Fund Tax Expenditures

Emergency Vehicles:

<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
\$ 6.3	\$ 6.4	\$ 6.4	\$ 6.5	\$ 6.6	\$ 6.6	\$ 6.7

Beneficiaries: Organizations owning approximately 15,400 vehicles benefit from this tax expenditure.

Political Subdivisions:

<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
\$ 17.7	\$ 17.9	\$ 18.0	\$ 18.2	\$ 18.4	\$ 18.6	\$ 18.8

Beneficiaries: Approximately 3,130 governmental units benefit from this tax expenditure.

Older Pennsylvanians:

<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
\$ 4.7	\$ 5.0	\$ 5.2	\$ 5.5	\$ 5.8	\$ 6.1	\$ 6.4

Beneficiaries: Older Pennsylvanians owning approximately 143,500 vehicles benefit from this tax expenditure.

CARNIVAL TRUCKS/TRUCK TRACTORS

Description: Owners who document with the Department of Transportation that the truck or tractor is used exclusively for the purpose of transporting circus or carnival personnel, equipment, or machinery are granted a reduced registration fee.

Purpose: The reduced registration fee provides partial relief for those vehicles being used only between April 1 and September 30.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: The owners of approximately 100 carnival vehicles benefit from this tax expenditure.

CERTIFICATES OF TITLE

Description: Ownership of a particular vehicle is recorded by the issuance of a certificate of title for which a fee is charged. Specific entities exempt from this title fee are political subdivisions, totally disabled veterans, emergency vehicles, and foreign nationals.

Purpose: This exemption provides relief to the organizations or individuals cited above. The General Assembly has provided an exemption for these entities due to their perceived special status.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: The owners of approximately 6,500 vehicles benefit from this tax expenditure.

Motor License Fund Tax Expenditures

INSPECTION STICKERS

Description: All vehicles registered in Pennsylvania are required to have periodic safety inspections to insure their roadworthiness. A certificate of inspection is issued for a fee to show the vehicle meets specified safety standards. The commonwealth administratively grants an exemption from the certificate fee to vehicles operated by political subdivisions.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.2

Beneficiaries: Approximately 3,130 governmental units benefit from this tax expenditure.

BRIDGE PERMITS

Description: Bridges on state owned rights-of-way need periodic maintenance and construction work. Permits are issued, for a fee, by the state to perform such work. The commonwealth administratively grants an exemption from the permit fee to political subdivisions who are performing work for the state.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,130 political subdivisions may benefit from this tax expenditure.

HAULING PERMITS

Description: Permits, for which a fee is charged, are issued to firms that wish to haul loads that exceed the maximum size or weight specifications of certain highways and bridges. The commonwealth administratively grants an exemption from the permit fee to political subdivisions.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,130 political subdivisions may benefit from this tax expenditure.

Motor License Fund Tax Expenditures

POLICE ACCIDENT REPORTS

Description: Traffic accident reports are generated as a result of any accident where there is bodily injury or death or if one or more vehicles must be towed from the scene. A fee is charged to obtain a copy of the police accident report. The commonwealth administratively grants an exemption for paying an accident report fee to political subdivisions.

Purpose: This exemption provides local prosecuting officials an aid in law enforcement.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: As many as 3,130 political subdivisions may benefit from this tax expenditure.

Racing Fund Tax Expenditures

The Racing Fund, a special revenue fund, is comprised of monies received from taxes, licenses and fees, and miscellaneous revenues collected by the State Racing Commissions derived from the regulation of harness and horse racing. Prior to December 30, 1983, thoroughbred racing tax revenues consisted of wagering, breakage, and admissions taxes. Harness racing tax revenues consisted of wagering and admissions taxes as assessed by the Race Horse Industry Reform Act (Act 135 of December 17, 1981). The Harness Racing Fund and the Horse Racing Fund were combined into the Racing Fund by Act 93 of 1983. This act also amended portions of the Race Horse Industry Reform Act relating to taxation.

Administrative Costs: Administrative costs associated with these tax expenditures are nominal.

WAGERING TAX

Authorization: Act of May 16, 1986 (P.L. 205, No. 63).

NEW CORPORATIONS

Description: Racing corporations licensed after May 16, 1986 are subject to a reduced wagering tax rate of 1 percent rather than the normal 1.5 percent rate for a period of four years.

Purpose: This provision may have been perceived as an incentive to promote the formation of new racing corporations.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Any racing corporation licensed after the cited date will benefit from this tax expenditure.

ADMISSIONS TAX

Authorization: Department of Revenue letter ruling with concurrence of counsel for Racing Commission.

DARK DAY SIMULCASTS

Description: The minimum admissions tax, currently 5 percent of 50 cents, is waived at events where no admission charge is levied and where simulcasts of races from other facilities are featured rather than live races.

Purpose: This provision may have been perceived as a way to promote simulcast attendance at commonwealth racing facilities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: All seven racing associations benefit from this tax expenditure.

UNEMPLOYMENT COMPENSATION INSURANCE TAX

Administrative Costs: The costs of administering the tax expenditure associated with the unemployment compensation insurance tax are nominal.

LIMITATION OF THE TAXABLE WAGE BASE

Authorization: Act of December 5, 1936 (2nd special session, 1937 P.L. 2897, No. 1), 4(x)(1), as amended, 43 P.S. 753(x)(1).

The purpose of the tax is to provide a fund from which compensation is paid to workers who have become unemployed through no fault of their own. Contributions are required to be made by all employers who pay wages to individuals working in Pennsylvania and whose services are covered under the unemployment compensation law. This tax may include employee contributions withheld by employers from each employee's gross wages. The Pennsylvania Unemployment Compensation Law is administered by the Department of Labor and Industry.

Description: The commonwealth's unemployment compensation law provides for a limitation of the taxable wage base to the first \$8,000 of wages paid to each employee during a calendar year by an employer. Prior to 1984 the limitation on taxable remuneration had been \$7,000. All state governments are required by the federal government to tax at least the first \$7,000 of subject wages. Many states, including Pennsylvania, have chosen to keep their bases close to the federal minimum. The estimate represents the cost of this limitation as measured by the difference between contributions based on taxable wages and contributions based on total wages. In 1988, legislation was enacted which provides for a "trigger" mechanism to regulate employer and employee contributions. The trigger mechanism, working in conjunction with the experience rating system, would change tax rates in response to a change in the taxable wage base. The methodology used for this estimate does not incorporate the changes that would occur to the tax rates as a result of tax base changes. Projected tax rates were used to estimate contributions based on currently taxable wages. The same tax rates were used to estimate contributions based on total wages paid by contributory employers.

Purpose: The limitation on taxable wages limits growth in employer tax liabilities that would otherwise occur as wages rise.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$9,062.4	\$9,916.2	\$10,468.2	\$10,916.0	\$11,461.9	\$12,014.0	\$12,550.8

Beneficiaries: Pennsylvania's unemployment compensation tax system is intended to generate a sufficient amount of revenue to meet annual benefit payments. In general, under the current system, an employer with higher wage employees pays on a smaller percentage of total wages. If the taxable wage base were total wages paid to employees, the employer with the higher employee wages would have to pay a greater amount in taxes.

As of the first quarter of 2011 there were 266,672 contributory employers to the Unemployment Compensation Fund. The following is a breakdown of these employers according to major industry division¹:

Natural Resources and Mining	2,797	Financial Activities.....	17,435
Construction	27,695	Professional and Business Services	47,635
Manufacturing	13,717	Education and Health Services	45,730
Trade.....	47,699	Leisure and Hospitality	25,629
Transportation, Warehousing, Utilities....	7,041	Other Services	27,295
Information	3,001	Local Government.....	986

¹Based on NAICS industry classification. Data may not add to totals due to the unavailability of industry classification for some employers.

PUBLIC TRANSPORTATION ASSISTANCE FUND

Authorization: Article XXIII of the Tax Reform Code of 1971 (P.L. 6, No. 2), as amended.

The Public Transportation Assistance Fund provides for the capital, asset maintenance, and certain other transportation needs of the commonwealth's public transit entities.

Fund revenues are derived from a motor vehicle lease tax; a motor vehicle rental fee; a fee on the sale of new tires; 0.44 percent of total sales and use tax receipts in lieu of the repealed periodicals tax; 0.09 percent of total sales and use tax receipts in lieu of the repealed lease tax on class four and above motor carriers; and 0.417 percent of sales and use tax in lieu of transfers from the public utility realty tax (PURTA) and the utilities gross receipts tax. By provisions of Act 46 of 2003, beginning in fiscal year 2003-04, revenues associated with the 7.6 mills of PURTA, previously transferred to this fund, will remain in the General Fund. Act 138 of 1996 (electric competition) provided for transfers from the utility gross receipts tax to the Public Transportation Assistance Fund beginning in fiscal year 1998-99. Act 46 of 2003 repealed this transfer effective for fiscal year 2003-04 and forward. Certain entities and transactions are exempt from these taxes and fees. With the exception of the fee on tires and the class 4 and above motor carrier tax expenditure, the remaining tax expenditures parallel those in the General Fund sales and use tax expenditures.

Administrative Costs: Administrative costs are believed to be nominal.

MOTOR VEHICLE LEASE TAX AND MOTOR VEHICLE RENTAL FEE

The commonwealth levies a 3 percent tax on the total price charged for each lease of a motor vehicle subject to tax under Article II of the Tax Reform Code of 1971.

A fee of \$2 per day or portion of a day is imposed on each rental of a motor vehicle subject to tax under Article II of the Tax Reform Code of 1971.

COMMON CARRIERS

Description: Vehicles leased or rented by a public utility, engaged in business as a common carrier, to be used in rendering utility services, are exempt from taxation. Since the enactment of the Federal Aviation Act, effective January 1, 1995, Pennsylvania has recognized contract carriers as common carriers. Household goods carriers and private carriers remain taxable.

Purpose: Without this exemption, the tax would be built into the rate base of these types of public utility services and, ultimately, passed on to consumers. Therefore, this exemption reduces the overall cost of utility services that are considered to be basic necessities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA
	Motor Vehicle Rentals:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 9,900 common carriers could benefit from this tax expenditure.

SCHOOL BUSES

Description: The lease or rental of school buses is exempt from taxation. These buses must be used exclusively for the transportation of children for school purposes. The provision is extended to persons who have contracts with school districts to transport children. For the purposes of this analysis, the majority of these contracts are assumed to be leases.

Purpose: The costs of transporting school children are directly borne by school districts and indirectly by state government through subsidy programs. This exemption, while limiting state Public Transportation Assistance Fund revenues, decreases state educational subsidy costs.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 2.3	\$ 2.3	\$ 2.3	\$ 2.3	\$ 2.4	\$ 2.4	\$ 2.4
	Motor Vehicle Rentals:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1	\$ 0.1

Beneficiaries: Approximately 7,200 schools may benefit from this tax expenditure.

MOTOR CARRIERS (CLASS 4 AND ABOVE)

Description: Motor carriers in vehicle classes 4 and above are exempt from the motor vehicle lease tax.

Purpose: This exemption benefits those entities engaged in commercial leasing. Presumably, many of these vehicles are operated as common carriers that are normally treated as a utility service.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: The owners of approximately 373,000 motor carrier vehicles (class 4 and above) could benefit from this tax expenditure.

Special Fund Tax Expenditures

EXEMPT ORGANIZATIONS

Description: The lease or rental of personal property to or for use by any charitable organization, volunteer fireman's organization, nonprofit educational institution, or religious organization is exempt from taxation. Transactions unrelated to the trade or business of such organizations are taxable.

Purpose: These organizations provide public and charitable services that are perceived to benefit the general public. This exemption permits these services to be rendered at reduced cost.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA
	Motor Vehicle Rentals:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	NA	NA	NA	NA	NA	NA	NA

Beneficiaries: Approximately 30,700 organizations may benefit from this tax expenditure.

EXEMPT GOVERNMENTAL UNITS

Description: The lease or rental of personal property to or for use by the federal government, the commonwealth, or its instrumentalities or political subdivisions is exempt from taxation. Based on the criteria adopted to define tax expenditures, federal transactions are not included in this study. Commonwealth transactions are also excluded because revenues would offset expenditures with no net effect. The estimates, therefore, represent local government tax expenditures.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	Motor Vehicle Leases:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.9	\$ 0.9	\$ 0.9	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0
	Motor Vehicle Rentals:						
	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4	\$ 0.4

Beneficiaries: Approximately 3,130 political subdivisions may benefit from this tax expenditure.

TIRE FEE

The commonwealth imposes a \$1 fee per tire on each sale of new tires intended for highway use.

EXEMPT GOVERNMENTAL UNITS

Description: The sale of new tires to or for use by the federal government, the commonwealth, or its instrumentalities or political subdivisions is exempt from taxation. Based on the criteria adopted to define tax expenditures, federal transactions are not included in this study. Commonwealth transactions are also excluded because revenues would offset expenditures with no net effect. The estimates, therefore, represent only local government tax expenditures.

Purpose: This exemption is an indirect means of assistance to local governments and may reduce the taxes levied by these entities.

(Dollar Amounts in Millions)

<i>Estimates:</i>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal	Nominal

Beneficiaries: Approximately 3,130 political subdivisions may benefit from this tax expenditure.



Commonwealth of Pennsylvania

Governor's Executive Budget

DEPARTMENT PRESENTATIONS

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GOVERNOR'S OFFICE

The Governor directs and coordinates the work of state government and guides the programs of the agencies in the direction that ensures compliance with existing law, definable needs and administration goals.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Governor's Office.....	\$ 6,981 ^a	\$ 6,504 ^b	\$ 6,179

^a Includes \$127,000 appropriated for Latino Affairs Commission, \$230,000 for African American Affairs Commission, \$93,000 for Asian American Affairs Commission and \$131,000 for Commission for Women.

^b Includes \$338,000 appropriated for Office of Public Liaison.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 6,981	\$ 6,504	\$ 6,179	\$ 6,179	\$ 6,179	\$ 6,179	\$ 6,179
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 6,981	\$ 6,504	\$ 6,179	\$ 6,179	\$ 6,179	\$ 6,179	\$ 6,179
ALL PROGRAMS:							
GENERAL FUND.....	\$ 6,981	\$ 6,504	\$ 6,179	\$ 6,179	\$ 6,179	\$ 6,179	\$ 6,179
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 6,981	\$ 6,504	\$ 6,179	\$ 6,179	\$ 6,179	\$ 6,179	\$ 6,179

PROGRAM OBJECTIVE: To provide an effective administrative system through which the substantive program goals of the commonwealth can be accomplished.

Program: Executive Direction

The Pennsylvania Constitution vests the executive authority of the commonwealth in the Governor. It is the duty of the Governor to ensure that the laws of the commonwealth are faithfully executed. The Governor also oversees the publication of public information including bulletins of the work of state government. The Governor submits an annual budget to the General Assembly and performs all other functions required of this office as delegated by the State Constitution and in law.

This program also provides for the Governor's Residence. The Residence is used for state functions and to provide a domicile for the Governor and the First Family. The expenses for official functions, as well as those essential to managing a household, are paid from the Governor's Office appropriation. The maintenance of the Residence is primarily the responsibility of the Department of General Services. Equipment, supplies (except food) and housekeeping services are provided by the department.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		GENERAL FUND
		Governor's Office
\$	-195	—nonrecurring 2011-12 budgetary freeze amount.
	-130	—reduction in administrative costs.
\$	-325	<i>Appropriation Decrease</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Governor's Office	\$ 6,981	\$ 6,504	\$ 6,179	\$ 6,179	\$ 6,179	\$ 6,179	\$ 6,179

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EXECUTIVE OFFICES

To assist the Governor in the administration of state government, the Office of Administration performs the duties of a central management agency and coordinates through the Office for Information Technology the commonwealth's information technology strategies. The Office of the Budget performs the duties of a central financial management agency, prepares the annual Governor's Budget and Five Year Financial Plan based upon the Governor's priorities and analysis of program effectiveness, and provides comptroller services for the maintenance and management of all agency accounts in the commonwealth.

The Office of General Counsel provides legal counsel in matters affecting the operation of state agencies. The Juvenile Court Judges Commission provides technical and financial assistance to the juvenile probation staffs of the county courts. The Inspector General investigates suspected improper use of state resources and investigates and recovers funds disbursed as a result of fraud or overpayment of welfare benefits. The Commission on Crime and Delinquency provides the planning and technical assistance for the improvement of the criminal justice system as well as financial assistance to relieve the financial hardship of individuals who have been victimized by criminal acts.

The Human Relations Commission promotes equal opportunities for all people in employment, housing, public accommodations and education. The Council on the Arts provides for encouragement and development of the arts in Pennsylvania.

This budget recommends the elimination of the Public Employee Retirement Commission and transfers its municipal pension oversight responsibilities to the Center for Local Government Services within the Department of Community and Economic Development. The remaining activities of the commission will be administered by the Public School Employees' Retirement System and the State Employees' Retirement System.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
General Government:			
Office of Administration	\$ 8,635	\$ 8,447	\$ 8,106
(F)State Homeland Security Strategies (EA).....	980	980	0
(A)Benefit Administration.....	400	400	400
(A)Classification and Pay Services.....	2,888	2,888	2,888
(A)State Employee Combined Appeal.....	0	0	68
(A)Workplace Support Division (SEAP).....	2,618	2,727	2,918
(A)Temporary Clerical Pool.....	4,518	4,207	4,379
(A)Office of Strategic Services.....	2,499	2,365	2,247
(A)CDL Drug and Alcohol Testing.....	197	240	240
(A)Labor Relations.....	3,213	2,120	1,500
(A)Managing for Government Responsiveness Training.....	254	325	325
(A)Group Life Insurance Program Commissions.....	88	88	88
(A)Leadership Development Institute.....	143	70	77
(A)HR Shared Services Center.....	6,883	6,894	6,549
(A)PHMC Personnel Services.....	137	100	100
(A)PHRC Personnel Services.....	0	0	100
Subtotal.....	<u>\$ 33,453</u>	<u>\$ 31,851</u>	<u>\$ 29,985</u>
Unemployment Compensation and Transition Costs	1,800	1,480	0
Office of the Receiver - City of Harrisburg	0	1,000^a	2,000
Medicare Part B Penalties	293	295	291
Commonwealth Technology Services	42,521	42,120	43,339
(F)ARRA - Broadband Technology Opportunities.....	291,000	29,000	26,694
(F)ARRA - Broadband Technology Opportunities - Admin.....	9,000	0	0
(F)ARRA - Broadband Technology Opportunities - Mapping.....	4,500	4,500	4,500
(F)ARRA - JCJC/JCMS Centralized Database Project (EA).....	282	27	0
(F)ARRA - Enhanced Warrant Search Project (EA).....	160	0	0
(F)ARRA - Electronic Reporting II - Deployment (EA).....	109	0	0
(F)ARRA - Federated Background Search (EA).....	255	26	0
(A)Integrated Enterprise System.....	43,051	37,883	35,989
(A)Project Management Resources.....	4	50	50
Subtotal.....	<u>\$ 390,882</u>	<u>\$ 113,606</u>	<u>\$ 110,572</u>
Health Information Exchange	876	804	804
(F)ARRA - Health Information Technology.....	17,100	18,000	16,749
Subtotal.....	<u>\$ 17,976</u>	<u>\$ 18,804</u>	<u>\$ 17,553</u>
Statewide Public Safety Radio System	7,002	6,724	6,724
(F)Public Safety Interoperable Communications (EA).....	23,455	15,310	0
(F)Interoperable Emergency Communication Grant (EA).....	288	594	594
(F)ARRA - Broadband Project for Northern PA (EA).....	28,748	26,846	26,694
Subtotal.....	<u>\$ 59,493</u>	<u>\$ 49,474</u>	<u>\$ 34,012</u>
Office of Inspector General	2,436	4,183	4,152
(A)Reimbursements for Special Fund Investigations.....	1,111	1,111	1,111
Subtotal.....	<u>\$ 3,547</u>	<u>\$ 5,294</u>	<u>\$ 5,263</u>
Inspector General - Welfare Fraud	10,705	12,705	12,705
(F)TANFBG - Program Accountability.....	1,011	1,700	1,500
(F)Food Stamps - Program Accountability.....	4,498	7,900	7,000
(F)Medical Assistance - Program Accountability.....	1,923	4,800	4,200
(F)CCDFBG - Subsidized Day Care Fraud.....	368	1,100	1,000
Subtotal.....	<u>\$ 18,505</u>	<u>\$ 28,205</u>	<u>\$ 26,405</u>
Office of the Budget	20,130	19,513	18,537
(F)ARRA - Fiscal Stabilization - Administration.....	421	134	0

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
(A)ARRA - Accountability Office.....	393	327	0
(A)Support for Commonwealth Payroll Operations.....	6,920	6,422	6,101
(A)BOA - Single Audit.....	490	468	468
(A)Comptroller Single Audit.....	2,796	2,798	2,798
(A)Support for PLCB Comptroller's Office.....	5,475	5,519	5,519
(A)Support for Comptroller Services.....	31,922	33,644	31,962
(A)OAS Support Services.....	20	30	30
Subtotal.....	<u>\$ 68,567</u>	<u>\$ 68,855</u>	<u>\$ 65,415</u>
Audit of the Auditor General.....	0	99	0
Office of Health Care Reform.....	878	0	0
Office of General Counsel.....	3,491	3,357	3,189
(A)CLE Registration Fees.....	179	64	64
Subtotal.....	<u>\$ 3,670</u>	<u>\$ 3,421</u>	<u>\$ 3,253</u>
Human Relations Commission.....	9,780	9,491	9,491
(F)EEOC - Special Project Grant.....	2,000	2,000	2,000
(F)HUD - Special Project Grant.....	594	1,500	958
(A)Miscellaneous Revenues.....	19	18	18
Subtotal.....	<u>\$ 12,393</u>	<u>\$ 13,009</u>	<u>\$ 12,467</u>
Council on the Arts.....	876	886	886
(F)NEA - Grants to the Arts - Administration.....	310	360	400
Subtotal.....	<u>\$ 1,186</u>	<u>\$ 1,246</u>	<u>\$ 1,286</u>
Juvenile Court Judges Commission.....	2,241	2,461	2,461
(F)ARRA - Juvenile Delinquent Records Improvement (EA).....	177	0	0
(F)JCMS Support and Deployment (EA).....	30	370	0
Subtotal.....	<u>\$ 2,448</u>	<u>\$ 2,831</u>	<u>\$ 2,461</u>
Public Employee Retirement Commission.....	687	690	0^b
(A)Actuarial Services.....	65	10	0
Subtotal.....	<u>\$ 752</u>	<u>\$ 700</u>	<u>\$ 0</u>
Commission on Crime and Delinquency.....	3,332	3,183	3,183
(F)Plan for Juvenile Justice.....	268	268	268
(F)DCSI - Program Grants.....	100	0	0
(F)Justice Assistance Grants.....	30,000	30,000	25,000
(F)ARRA - Justice Assistance Grants.....	30,000	30,000	20,000
(F)Justice Assistance Grants - Administration.....	1,239	1,239	1,700
(F)ARRA - Justice Assistance Grants - Administration.....	2,500	2,000	2,000
(F)Juvenile Justice - Title V.....	700	300	200
(F)Statistical Analysis Center.....	150	150	150
(F)Criminal Identification Technology.....	3,000	1,300	1,000
(F)Crime Victims Compensation Services.....	7,500	7,500	7,500
(F)ARRA - Crime Victims Compensation Services.....	100	75	0
(F)ARRA - Crime Victims Compensation Services - Administration.....	100	100	0
(F)Crime Victims Assistance.....	20,000	20,000	20,000
(F)ARRA - Crime Victims Assistance.....	1,400	600	100
(F)Violence Against Women.....	5,500	5,500	5,500
(F)ARRA - Violence Against Women.....	5,000	3,000	500
(F)Violence Against Women - Administration.....	300	300	500
(F)ARRA - Violence Against Women - Administration.....	500	250	250
(F)Residential Substance Abuse Treatment Program.....	2,000	2,000	1,700
(F)DFSC - Special Programs.....	4,500	2,000	0
(F)Crime Victims Assistance (VOCA) - Admin/Operations.....	1,094	1,300	1,300
(F)Assault Services Program.....	2,000	800	500
(F)Incentive Grants Program.....	1,000	1,000	1,000
(F)Second Chance Act- Reentry.....	750	0	0
(F)Second Chance Act - Mentoring.....	625	625	625

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
(F)Second Chance Act - Juvenile Offender Reentry.....	200	1,500	975
(F)Juvenile Accountability Incentive Program.....	5,000	5,000	5,000
(F)Juvenile Accountability Incentive Program - Administration.....	119	119	119
(F)Combat Underage Drinking Program.....	800	800	800
(F)Pennsylvanians Against Underage Drinking.....	500	0	0
(F)Juvenile Justice and Delinquency Prevention.....	4,500	4,500	4,500
(F)Project Safe Neighborhoods.....	2,200	1,200	800
(F)Forensic Science Program.....	1,000	2,000	1,500
(F)Protection Orders.....	1,500	0	0
(F)Statewide Automated Victim Information Notification.....	2,000	1,500	1,000
(F)Byrne Discretionary Grant Program.....	10,000	0	0
(F)High-Risk Youth Offender Reentry.....	1,000	0	0
(F)Pittsburgh Shooting Response.....	100	0	0
(F)Youth Offender Reentry.....	1,700	1,000	0
(F)Community Based Violence Prevention.....	0	750	0
(F)Justice and Mental Health Collaboration.....	250	250	250
(F)NICS Act Record Improvement Program.....	2,000	2,000	2,000
(F)Juvenile Delinquency Court Improvement Initiative.....	0	500	500
(F)Community Strategic Planning Demonstration Project.....	0	36	36
(F)Pennsylvania Capital Litigation Training Program.....	250	350	375
(F)Youth Promise Act.....	1,000	1,000	1,000
(F)Prosecutor and Defender Incentives.....	500	500	400
(F)Juvenile Justice Innovation Fund.....	0	0	500
(A)PCCD - Special Projects.....	0	3	3
(A)Center of Excellence.....	717	500	500
Subtotal.....	<u>\$ 158,994</u>	<u>\$ 136,998</u>	<u>\$ 113,234</u>
Victims of Juvenile Crime.....	704	0	0
Violence Prevention Programs.....	1,908 ^c	1,921	1,863
(A)Resource Center.....	1,298	1,613	1,428
Subtotal.....	<u>\$ 3,206</u>	<u>\$ 3,534</u>	<u>\$ 3,291</u>
Weed and Seed Program.....	405	0	0
Safe Schools Advocate.....	0	400	380
(F)Office of Homeland Security (EA).....	700	634	0 ^d
Subtotal - State Funds.....	\$ 118,700	\$ 119,759	\$ 118,111
Subtotal - Federal Funds.....	542,854	249,093	201,837
Subtotal - Augmentations.....	118,298	112,884	107,920
Total - General Government.....	<u>\$ 779,852</u>	<u>\$ 481,736</u>	<u>\$ 427,868</u>
Grants and Subsidies:			
Intermediate Punishment Treatment Programs.....	\$ 18,167 ^e	\$ 18,167	\$ 18,167
Juvenile Probation Services.....	17,310 ^f	17,310	16,445
Violence Reduction.....	123	0	0
Law Enforcement Activities.....	2,943	0	0
Safe Neighborhoods.....	172	0	0
Grants to the Arts.....	8,262	8,179	8,179
(F)NEA - Grants to the Arts.....	831	931	850
(F)ARRA - NEA - Grants to the Arts (EA).....	102	0	0
Subtotal.....	<u>\$ 9,195</u>	<u>\$ 9,110</u>	<u>\$ 9,029</u>
Subtotal - State Funds.....	\$ 46,977	\$ 43,656	\$ 42,791
Subtotal - Federal Funds.....	933	931	850

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
Total - Grants and Subsidies.....	\$ 47,910	\$ 44,587	\$ 43,641
STATE FUNDS.....	\$ 165,677	\$ 163,415	\$ 160,902
FEDERAL FUNDS.....	543,787	250,024	202,687
AUGMENTATIONS.....	118,298	112,884	107,920
GENERAL FUND TOTAL.....	\$ 827,762	\$ 526,323	\$ 471,509
MOTOR LICENSE FUND:			
General Government:			
Statewide Public Safety Radio System.....	\$ 14,762	\$ 14,878	\$ 14,878
Commonwealth Technology Services.....	2,386	2,555	2,336
Total - General Government.....	\$ 17,148	\$ 17,433	\$ 17,214
MOTOR LICENSE FUND TOTAL.....	\$ 17,148	\$ 17,433	\$ 17,214
OTHER FUNDS:			
GENERAL FUND:			
Victim/Witness Services.....	\$ 5,272	\$ 7,063	\$ 7,313
Crime Victims Reimbursements.....	8,677	12,269	12,449
Constables Education and Training Account.....	2,410	2,715	2,554
Luzerne County Youth Settlement.....	0	0	1,083
Deputy Sheriffs Education and Training Account.....	3,425	4,289	3,906
Firearms License to Carry Modernization Account.....	2,963	0	0
GENERAL FUND TOTAL.....	\$ 22,747	\$ 26,336	\$ 27,305
SUBSTANCE ABUSE EDUCATION AND DEMAND REDUCTION FUND:			
Substance Abuse Education & Demand Reduction Programs (EA).....	\$ 6,350	\$ 6,350	\$ 7,500
Substance Abuse Education & Demand Reduction - Admin (EA).....	150	150	250
SUBSTANCE ABUSE EDUCATION AND DEMAND REDUCTION FUND TOTAL.....	\$ 6,500	\$ 6,500	\$ 7,750
SPECIAL JUVENILE VICTIM COMPENSATION FUND:			
Special Juvenile Victim Compensation Fund.....	\$ 500	\$ 0	\$ 0
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 165,677	\$ 163,415	\$ 160,902
SPECIAL FUNDS.....	17,148	17,433	17,214
FEDERAL FUNDS.....	543,787	250,024	202,687
AUGMENTATIONS.....	118,298	112,884	107,920
OTHER FUNDS.....	29,747	32,836	35,055
TOTAL ALL FUNDS.....	\$ 874,657	\$ 576,592	\$ 523,778

^a Includes recommended supplemental appropriation of \$1,000,000.

^b Funding for this program has been transferred to the General Government Operations appropriation in the Department of Community and Economic Development.

^c Appropriated as \$1,001,000 for Evidence-Based Prevention and Intervention and \$907,000 for Research-Based Violence Prevention.

^d Funding for this program has been transferred to the State Police.

^e Appropriated as \$2,821,000 for Intermediate Punishment Programs and \$15,346,000 for Intermediate Punishment Drug and Alcohol Treatment.

^f Appropriated as \$5,186,000 for Improvement of Juvenile Probation Services and \$12,124,000 for Specialized Probation Services.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 98,906	\$ 98,060	\$ 96,658	\$ 96,658	\$ 96,757	\$ 96,658	\$ 96,658
SPECIAL FUNDS.....	17,148	17,433	17,214	17,214	17,214	17,214	17,214
FEDERAL FUNDS.....	384,900	111,551	88,931	14,294	14,294	14,294	14,294
OTHER FUNDS.....	116,085	110,686	105,907	110,149	110,149	110,149	110,149
SUBCATEGORY TOTAL.....	\$ 617,039	\$ 337,730	\$ 308,710	\$ 238,315	\$ 238,414	\$ 238,315	\$ 238,315
LEGAL SERVICES							
GENERAL FUND.....	\$ 3,491	\$ 3,357	\$ 3,189	\$ 3,189	\$ 3,189	\$ 3,189	\$ 3,189
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	179	64	64	64	64	64	64
SUBCATEGORY TOTAL.....	\$ 3,670	\$ 3,421	\$ 3,253	\$ 3,253	\$ 3,253	\$ 3,253	\$ 3,253
PREVENTION AND ELIMINATION OF DISCRIMINATORY PRACTICES							
GENERAL FUND.....	\$ 9,780	\$ 9,491	\$ 9,491	\$ 9,491	\$ 9,491	\$ 9,491	\$ 9,491
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,594	3,500	2,958	2,958	2,958	2,958	2,958
OTHER FUNDS.....	19	18	18	18	18	18	18
SUBCATEGORY TOTAL.....	\$ 12,393	\$ 13,009	\$ 12,467	\$ 12,467	\$ 12,467	\$ 12,467	\$ 12,467
DEVELOPMENT OF ARTISTS AND AUDIENCES							
GENERAL FUND.....	\$ 9,138	\$ 9,065	\$ 9,065	\$ 9,065	\$ 9,065	\$ 9,065	\$ 9,065
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,141	1,291	1,250	1,250	1,250	1,250	1,250
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 10,279	\$ 10,356	\$ 10,315	\$ 10,315	\$ 10,315	\$ 10,315	\$ 10,315
CRIMINAL AND JUVENILE JUSTICE PLANNING AND COORDINATION							
GENERAL FUND.....	\$ 24,811	\$ 23,671	\$ 23,593	\$ 23,593	\$ 23,593	\$ 23,593	\$ 23,593
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	154,945	133,312	109,548	86,698	86,698	86,698	86,698
OTHER FUNDS.....	31,762	34,952	36,986	35,903	35,903	35,903	35,903
SUBCATEGORY TOTAL.....	\$ 211,518	\$ 191,935	\$ 170,127	\$ 146,194	\$ 146,194	\$ 146,194	\$ 146,194
REINTEGRATION OF JUVENILE DELINQUENTS							
GENERAL FUND.....	\$ 19,551	\$ 19,771	\$ 18,906	\$ 18,906	\$ 18,906	\$ 18,906	\$ 18,906
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	207	370	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 19,758	\$ 20,141	\$ 18,906	\$ 18,906	\$ 18,906	\$ 18,906	\$ 18,906

Program Funding Summary

	(Dollar Amounts in Thousands)							
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated	Estimated
ALL PROGRAMS:								
GENERAL FUND.....	\$ 165,677	\$ 163,415	\$ 160,902	\$ 160,902	\$ 161,001	\$ 160,902	\$ 160,902	\$ 160,902
SPECIAL FUNDS.....	17,148	17,433	17,214	17,214	17,214	17,214	17,214	17,214
FEDERAL FUNDS.....	543,787	250,024	202,687	105,200	105,200	105,200	105,200	105,200
OTHER FUNDS.....	148,045	145,720	142,975	146,134	146,134	146,134	146,134	146,134
DEPARTMENT TOTAL.....	<u>\$ 874,657</u>	<u>\$ 576,592</u>	<u>\$ 523,778</u>	<u>\$ 429,450</u>	<u>\$ 429,549</u>	<u>\$ 429,450</u>	<u>\$ 429,450</u>	<u>\$ 429,450</u>

PROGRAM OBJECTIVE: To provide an effective administrative system through which the substantive programs of the commonwealth can be achieved.

Program: Executive Direction

The Executive Direction program provides administrative support and policy direction for implementing, maintaining and monitoring the substantive programs of the commonwealth.

Program Element: Administration

The Office of Administration (OA) was established within the Governor's Office in 1955. OA provides policy direction and support to all commonwealth agencies for human resources, information technology, continuity of government, records/directives management, diversity management and strategic enhancements to help improve the results, reduce costs, and enhance customer service of all agencies under the Governor's jurisdiction. OA also oversees the statewide public safety radio system, a two-way wireless communications network for voice and data, including radio towers and cell sites linked statewide with fiber optics and microwave relays.

Human Resources Management provides policy direction and support for centralized human resource services, ensuring equity by maintaining the classification, pay, benefits, workers compensation systems; negotiating and administering collective bargaining agreements; recruiting for all non-civil service positions; training in management and supervisory skills; and administering the commonwealth's equal employment opportunity program for all agencies under the Governor's jurisdiction. OA also manages the HR Service Center, the central point of contact for employees and managers for common human resource, benefits and payroll services and information.

These responsibilities are carried out through the Office of the Deputy Secretary for Human Resources Management which is comprised of eight organizational units:

- 1) ***Office of Human Resources***: Provides day-to-day human resource services to employees of the Executive Offices, the Lieutenant Governor's Office, the Milk Marketing Board, the PA Historical and Museum Commission, the State Ethics Commission, the PA Health Care Cost Containment Council, and the Pennsylvania Infrastructure Investment Authority.
- 2) ***Bureau of Equal Employment Opportunity***: Strives to ensure equity in all employment practices administered by agencies under the Governor's jurisdiction; formulates policies and procedures, and implements uniform reporting requirements to ensure adherence to the Governor's EEO objectives; provides technical assistance on EEO and disability matters to commonwealth agencies; offers training and development opportunities for EEO specialists, disability services coordinators and others.
- 3) ***Bureau of Labor Relations***: Negotiates and administers collective bargaining agreements between the commonwealth and the various unions representing state employees; investigates and responds to employee grievances; represents the commonwealth at arbitration hearings; provides assistance to agencies in the day-to-day administration of collective bargaining agreements; conducts labor relations training for supervisory and management personnel; advises agencies on implementing consolidations, closures and other administration initiatives.
- 4) ***Bureau of State Employment***: Establishes policies and procedures for selecting and appointing candidates to non-civil service positions in agencies under the Governor's jurisdiction; receives and evaluates resumes; refers qualified applicants to agencies for consideration for vacant positions in accordance with established job standards and equal employment opportunity guidelines; administers the furlough placement process; manages the assignment of temporary clerical employees to state offices in the Capitol Complex and Dauphin County area to address emergency clerical work needs.
- 5) ***Bureau of Classification and Compensation***: Develops and administers job classification and pay standards; provides leadership and technical assistance to agencies on position classification, organizational and staffing matters, and employee compensation; manages a classification grievance program for employees covered by collective bargaining agreements; and assures compliance with the Federal regulations of the Fair Labor Standards Act.
- 6) ***Bureau of Employee Benefits and Services***: Administers employee benefits, assistance programs and leave/attendance policies, with the goal of maintaining highly competitive benefits for state employees so that the commonwealth can attract and retain excellent employees and provide the best possible services to citizens.
- 7) ***Human Resources Service Center***: Provides common human resources, benefits and payroll services and information to employees and agencies under the governor's jurisdiction; advises the Secretary of Administration on the best use of technology to support current or future human resource needs; supports central system activities, including management of agency salary and wage complements; provides assistance on use of the commonwealth's human resources system; and publishes the Governor's annual workforce report.

Program: Executive Direction (continued)

8) *Bureau of Workforce Planning and Development:*

Plans and administers training and development programs for executive, management, and supervisory personnel.

The *Office for Continuity of Government:* Provides guidelines, tools, subject-matter expertise and technical support to all agencies under the Governor's jurisdiction for the development of agency-specific, all hazards continuity of operations plans; plans and conducts multi-agency exercises to test preparedness; coordinates with state agencies as well as external entities such as the U.S. Department of Homeland Security to ensure that CoOP/CoG planning is an integrated aspect of emergency commonwealth's preparedness and response efforts; serves as a liaison between the executive branch and independent agencies, the legislature, and the judiciary.

The *Office of Enterprise Records Management/Directives Management:* Provides comprehensive statements of policy and procedures on matters that affect agencies and employees of the executive branch; administers the directives management system to ensure that communications are reviewed for authority and completeness as well as for their impact on agencies, other systems, and existing procedures; elevates the awareness of records management, provides overall guidance on the enterprise strategy, and support agencies.

Program Element: Information Technology

The Office of Administration/Office for Information Technology is responsible for developing and administering statewide policies and standards governing the management and use of the commonwealth's information technology (IT) resources.

The Deputy Secretary for Information Technology/State Chief Information Officer is responsible for developing and implementing the Commonwealth's overall IT strategy, overseeing enterprise-level IT operations and administering statewide policies and standards governing the management and use of the commonwealth's IT resources. The deputy oversees enterprise-wide initiatives such as enterprise computing, shared services, statewide voice and data networks, application development, and security operations to safeguard critical business systems, resources and data.

The Office of Enterprise Technology Services manages the commonwealth's enterprise data center, a state of the art, highly secure computing environment that houses and maintains servers and storage for commonwealth agencies. This office also manages the delivery of shared services such as email, help desk operations, the statewide telecommunications network, GIS, security and technology support functions to commonwealth agencies.

The Office of Enterprise Services and Solutions builds and maintains enterprise applications, develops

web-based applications, provides enterprise application shared services, and maintains the commonwealth's enterprise web portal. Additionally, this group manages the Integrated Enterprise System which provides core budget, finance, human resources, payroll, procurement and reporting functionality to commonwealth agencies. The IES team works directly with business owner agencies (Office of the Budget, Comptroller Operations, Department of General Services and the Office of Administration) to refine business processes and system operating efficiencies. The Office of Enterprise Policy, Planning and Performance Management (PPPM) conducts research and maintains the commonwealth's enterprise architecture,, issues technology standards and policies,, coordinates agency IT strategic plans and maintains enterprise project management activities. The PPPM is also responsible for enterprise IT procurement including issuance and management of IT statewide contracts and assisting agencies with IT contract creation and management. The Office also oversees the eHealth Collaborative and the statewide broadband initiative.

The Pennsylvania's Justice Network (JNET) Office provides an online environment for authorized users to access public safety and criminal justice information. JNET is the commonwealth's primary public safety and criminal justice information broker providing an integrated, secure justice portal to the criminal justice community.

The Public Safety Radio System manages and maintains the PA-STARNet system. PA-STARNet is one of the largest public safety communications systems in North America and is one of the largest private microwave networks anywhere. It is used by state and local government agencies and business partners for agency dispatch and mobile voice and data communication for public safety and emergency response.

Program Element: Fraud Detection and Prevention

The purpose of the Office of Inspector General is to detect, deter and eradicate fraud and waste of state resources and misconduct by state employees; keep the Governor fully informed of problems and deficiencies in executive agencies; and help ensure that executive agencies operate efficiently, with integrity and in accordance with applicable laws and regulations. The Office of Inspector General is designed to maintain public confidence, integrity and efficiency in state government. The Office of Inspector General's welfare fraud prevention and prosecution operations are responsible for conducting investigations into suspected welfare fraud and abuse as well as performing collection activities for welfare programs administered by the Department of Public Welfare. The collection activities involve the recovery of benefits provided due to clerical errors, omissions or inaccurate information supplied by applicants, and in the case of Medical Assistance, charges for services

Program: Executive Direction (continued)

exceeding allowable amounts. In addition, the Office of Inspector General recovers the costs of benefits provided to recipients who are eligible for Supplemental Security Income, tort recoveries, unemployment compensation, workers' compensation and veterans' benefits.

Program Element: Commonwealth Budget and Accounting

The Office of the Budget assists the Governor in formulating fiscal policies and procedures and in preparing the commonwealth budget for delivery to the General Assembly. The establishment of authorized complement

levels for those agencies within the scope of authority of the Governor is the responsibility of the Office of the Budget. The office also prepares fiscal notes and reviews proposed regulations as mandated by Act 149 of 1978.

In addition, the Office of the Budget provides accounting, auditing and financial advisory and supportive services to all commonwealth agencies and is responsible for the publishing of the Comprehensive Annual Financial Report.

Act 79 of 2011 authorized the creation of an Office of the Receiver to develop and implement solutions that will address the City of Harrisburg's fiscal difficulties.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		
	Office of Administration	\$	-125
\$ -253	—nonrecurring 2011-12 budgetary freeze amount.		94
-88	—reduction in administrative costs.	\$	-31
<u>\$ -341</u>	<i>Appropriation Decrease</i>		
	Unemployment Compensation and Transition Costs	\$	-652
\$ -1,480	—funding elimination.		-324
	Office of the Receiver - City of Harrisburg	\$	-976
\$ 1,000	—to continue current program.		
	Medicare Part B Penalties	\$	-99
\$ -4	—to continue current program.		
	Commonwealth Technology Services	\$	-690
\$ -1,466	—nonrecurring 2011-12 budgetary freeze amount.		
4,500	—Initiative: Enterprise Disaster Recovery. To fund enterprise-wide information technology security infrastructure.		
<u>-1,815</u>	—reduction in administrative costs.	\$	-200
<u>\$ 1,219</u>	<i>Appropriation Increase</i>		-19
		\$	-219
			<i>Appropriation Decrease</i>
			Office of Inspector General
			—nonrecurring 2011-12 budgetary freeze amount.
			—to continue current program.
			<i>Appropriation Decrease</i>
			Office of the Budget
			—nonrecurring 2011-12 budgetary freeze amount.
			—reduction in administrative costs.
			<i>Appropriation Decrease</i>
			Audit of the Auditor General
			—triennial audit of the Department of the Auditor General.
			Public Employee Retirement Commission
			—transfer to Department of Community and Economic Development.
			MOTOR LICENSE FUND
			Commonwealth Technology Services
			—nonrecurring 2011-12 budgetary freeze amount.
			—reduction in administrative costs.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Office of Administration.....	\$ 8,635	\$ 8,447	\$ 8,106	\$ 8,106	\$ 8,106	\$ 8,106	\$ 8,106
Unemployment Compensation and Transition Costs.....	1,800	1,480	0	0	0	0	0
Office of the Receiver - City of Harrisburg.....	0	1,000	2,000	2,000	2,000	2,000	2,000
Medicare Part B Penalties.....	293	295	291	291	291	291	291
Commonwealth Technology Services.....	42,521	42,120	43,339	43,339	43,339	43,339	43,339

Program: Executive Direction (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND (continued):							
Health Information Exchange	\$ 876	\$ 804	\$ 804	\$ 804	\$ 804	\$ 804	\$ 804
Statewide Public Safety Radio System	7,002	6,724	6,724	6,724	6,724	6,724	6,724
Office of Inspector General.....	2,436	4,183	4,152	4,152	4,152	4,152	4,152
Inspector General - Welfare Fraud	10,705	12,705	12,705	12,705	12,705	12,705	12,705
Office of the Budget.....	20,130	19,513	18,537	18,537	18,537	18,537	18,537
Audit of the Auditor General	0	99	0	0	99	0	0
Office of Health Care Reform	878	0	0	0	0	0	0
Public Employee Retirement Commission	687	690	0	0	0	0	0
Law Enforcement Activities.....	2,943	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 98,906	\$ 98,060	\$ 96,658	\$ 96,658	\$ 96,757	\$ 96,658	\$ 96,658
MOTOR LICENSE FUND:							
Statewide Public Safety Radio System	\$ 14,762	\$ 14,878	\$ 14,878	\$ 14,878	\$ 14,878	\$ 14,878	\$ 14,878
Commonwealth Technology Services.....	2,386	2,555	2,336	2,336	2,336	2,336	2,336
TOTAL MOTOR LICENSE FUND.....	\$ 17,148	\$ 17,433	\$ 17,214	\$ 17,214	\$ 17,214	\$ 17,214	\$ 17,214

PROGRAM OBJECTIVE: To provide legal advice to the Governor and the Cabinet, and to supervise, coordinate and administer legal services for the commonwealth.

Program: Legal Services

The Office of General Counsel (OGC) was created by Act 164 of 1980. The General Counsel serves as the chief legal advisor to the Governor, heads the Office of General Counsel, and appoints deputies general counsel, chief counsel and assistant counsel to assist in the performance of the responsibilities of OGC. The office represents the commonwealth, the Governor, members of his Cabinet, and more than 30 agencies that conduct the business of the commonwealth. This includes rendering legal advice and representation concerning matters and issues arising in connection with the operation of executive agencies under the Governor's jurisdiction. The office also reviews and approves for form and legality all commonwealth deeds, leases, contracts, rules and regulations. The office provides advice to the Governor on pending legislative matters and issues and reviews for constitutionality and legality all legislation presented to the Governor for approval.

The Office of General Counsel is responsible for initiating appropriate actions or defending the commonwealth when the Attorney General declines to initiate appropriate proceedings or delegates that responsibility to OGC. Upon request by the Governor, the office also has the authority to intervene in any action by or against an agency under the Governor's jurisdiction.

The General Counsel administers the operations of the Juvenile Court Judges' Commission and supervises the legal representation for this agency as well as all other state agencies with legal staff assigned therein.

In addition, the General Counsel serves as a member of the Board of Commissioners on Uniform State Laws, the Pennsylvania Emergency Management Agency, the Joint Committee on Documents, the Board of Property, the Local Government Records Committee, the Medical Advisory Board, the Board of Finance and Revenue and the Civil Disorder Commission.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		Office of General Counsel
\$	-101	—nonrecurring 2011-12 budgetary freeze amount.
	-67	— reduction in administrative costs.
\$	-168	<i>Appropriation Decrease</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Office of General Counsel	\$ 3,491	\$ 3,357	\$ 3,189	\$ 3,189	\$ 3,189	\$ 3,189	\$ 3,189

PROGRAM OBJECTIVE: To ensure equal opportunities and participation for all individuals regardless of race, religion, color, creed, handicap or disability, ancestry, national origin, familial status, age or sex in all areas of employment, housing, credit, commercial property, public accommodations and education.

Program: Prevention and Elimination of Discriminatory Practices

The Human Relations Commission is a law enforcement agency responsible for identifying, preventing and eliminating illegal discriminatory practices as defined by the Pennsylvania Human Relations Act and the Pennsylvania Fair Educational Opportunities Act. The two principal methods used by the commission to secure compliance with the law are processing complaints of discrimination that might result in legal proceedings being initiated and providing educational and technical assistance to organizations, businesses, governmental bodies and individuals intended to inform the public of the statutory protections offered and promote voluntary compliance. Processing formal complaints continues to be the major activity of the commission.

Substantial resources are also devoted to providing technical assistance to anyone who requests guidance in avoiding illegal discriminatory acts. The commission coordinates the state’s response to racial and ethnic tensions and trains law enforcement officials and local government and community leaders on appropriate

responses. The commission is also involved with major outreach programs to provide information to community leaders and public officials regarding the processes and procedures found in the Pennsylvania Human Relations Act and the Pennsylvania Fair Educational Opportunities Act.

The commission, in conjunction with the Pennsylvania Department of Education, is working with several urban school districts to improve the educational achievement of minority and disadvantaged students.

Federal funds are received for investigating certain complaints that are dual filed with the commission and with either the Equal Employment Opportunity Commission or the U.S. Department of Housing and Urban Development in the form of case completion stipends.

The commission’s efforts to identify and remedy systemic discrimination continue in order to address the major problems of discrimination against whole classes of individuals. In addition, litigation remains a significant feature of the commission’s workload.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Human Relations Commission

The Human Relations Commission is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Human Relations Commission	\$ 9,780	\$ 9,491	\$ 9,491	\$ 9,491	\$ 9,491	\$ 9,491	\$ 9,491

PROGRAM OBJECTIVE: To increase public exposure to quality artistic and cultural programs and to stimulate a climate that offers opportunities and encouragement to artists.

Program: Development of Artists and Audiences

The commonwealth encourages cultural development in the arts through the Pennsylvania Council on the Arts. The council supports Pennsylvanians in providing arts and cultural programs and services to their fellow citizens and communities with funding, information and other resources for arts organizations, arts programs and projects, artists, schools, educational and community organizations.

The 19-member council supports the arts through grant programs, services and a network of community-based organizations. The organizations and artists served are geographically, culturally and ethnically diverse and range from small community organizations that engender and support local arts programs to world-renowned orchestras, museums, dance companies, theatres and festivals.

The council has a nationally recognized funding process. It uses an advisory review process administered in Harrisburg and 13 regions of the state, whereby local citizens review applications and make recommendations for funding to best serve their region. The council functions with input from more than 50 advisory review panels that provide an evaluation of applications and feedback on program structures.

The council supports and assists the arts in the commonwealth in several specific areas: a grants program that responds to most applications and program initiatives either directly or through a decentralized network of 13 regional funding partners; partnerships and initiatives developed by the council to seek opportunities and address issues affecting the arts that are beyond the capacity of a single arts institution; and additional services directly provided by staff and through partnerships with state, regional and national service organizations.

The Council on the Arts is an important partner in advising and assisting with downtown revitalization efforts, including the development of the first three cultural plans for counties in Pennsylvania: Lackawanna, York and Erie with others in progress. Through programs such as the Arts in Education Partnership, Pennsylvania Performing Arts on Tour, and Preserving Diverse Cultures, ethnically diverse organizations, artists, ensembles, families and youth audiences are encouraged to participate in the arts.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Council on the Arts

The Council on the Arts and Grants to the Arts are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Council on the Arts	\$ 876	\$ 886	\$ 886	\$ 886	\$ 886	\$ 886	\$ 886
Grants to the Arts.....	8,262	8,179	8,179	8,179	8,179	8,179	8,179
TOTAL GENERAL FUND	\$ 9,138	\$ 9,065	\$ 9,065	\$ 9,065	\$ 9,065	\$ 9,065	\$ 9,065

PROGRAM OBJECTIVE: To provide criminal and juvenile justice system policy analysis, coordination and planning to improve criminal justice programs.

Program: Criminal and Juvenile Justice Planning and Coordination

The Pennsylvania Commission on Crime and Delinquency (PCCD) mission is to enhance the quality and coordination of criminal and juvenile justice systems, to facilitate the delivery of services to victims of crime, and to increase the safety of our communities. It accomplishes this by facilitating cooperation and planning by local agencies which have direct responsibility for or which serve in ancillary roles in ensuring public safety, providing justice statistical and analytical services to commonwealth and local agencies and the General Assembly, and delivery of training and technical assistance to justice components. It is assisted in this effort through several statutory and Commission-created advisory committees, task forces, other advisory and planning groups, boards and Commission staff. A major part of the Commission's work is accomplished through the awarding and administration of grants provided through state and federal funding streams.

With the assistance of its Research, Evaluation, Data Collection and Analysis Advisory Committee and staff in its Office of Research, Evaluation and Strategic Policy Development, PCCD evaluates the performance of grant recipient projects, develops best practices, and researches emerging criminal and juvenile justice trends to ensure federal and state grant funds are allocated to the most effective initiatives. PCCD also compiles crime, corrections, and sentencing data; develops unified population projections for sentencing, corrections, and probation and parole; monitors system performance measures to ensure ongoing compliance; provides objective, independent, and comprehensive policy-relevant analyses; and responds to special justice research and data requests from federal, state, and local agencies as well as from the general citizenry.

Through its Juvenile Justice and Delinquency Prevention Advisory Committee and its Office of Juvenile Justice and Delinquency Prevention, PCCD prepares and updates a biennial comprehensive juvenile justice and delinquency prevention plan on behalf of the commonwealth. PCCD plays a central role in furthering collaborative juvenile justice and delinquency prevention initiatives with the Department of Public Welfare, the Juvenile Court Judges' Commission, the Council of Chief Juvenile Probation Officers, the Department of Education and other agencies. It has facilitated the proliferation of evidence-based delinquency and violence prevention and intervention programs over the last two decades. This program supports the implementation of intensive as well as non-intensive prevention/intervention models. PCCD promotes local efforts to implement risk-focused, community mobilization programming directed toward

preventing delinquency, violence, substance abuse and other adolescent problem behaviors. PCCD supports the Communities That Care risk-focused prevention initiative by providing planning, assessment and implementation funding, as well as training and technical assistance to communities.

PCCD manages a Resource Center for Evidence-based Prevention and Intervention Programs and Practices. The Resource Center works to coordinate funding and implementation of evidence-based programming across state agencies to ensure those programs are being implemented properly and that they are cost-effective.

On the advice of its Criminal Justice Advisory Committee, its Mental Health and Justice Advisory Committee (MHJAC) and staff in its Office of Criminal Justice System Improvements, PCCD works with local leadership to improve county justice and local law enforcement systems. PCCD serves as a catalyst to coordinate activities among criminal justice agencies by identifying issues, developing statewide policies and programs, and implementing innovative justice improvement solutions that enhance public safety. Through programmatic and fiscal monitoring of state- and federally-funded public safety programs, PCCD is able to assess outcome results and determine the extent of project implementation.

PCCD assists communities in dealing with the role that mental health issues play in the criminal justice system through MHJAC. Its Center of Excellence provides training and technical assistance to communities through a partnership with the Department of Public Welfare and uses Mental Health Services Enhancements funds to support evidence-based practices that reduce the involvement of people with mental illness/co-occurring disorders in the criminal justice system.

PCCD has been responsible for institutionalizing County Criminal Justice Advisory Boards (CJABs). CJABs, which consist of top-level county officials, address criminal justice issues from a systemic and policy level perspective, study best practices in the administration and delivery of criminal justice, engage in strategic planning, and make recommendations and establish consensus among the members to improve the effectiveness and efficiency of the county's criminal justice system. To date, 66 counties have implemented a CJAB.

PCCD also administers the state funded Intermediate Punishment Program which provides an alternative to incarceration for low-risk, non-violent offenders. This program supports alternative sentencing, combined with substance abuse treatment, for offenders who can be safely supervised in the community, in lieu of a county

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

jail or state prison sentence. This program demonstrates significant positive results in saving jail/prison days and improving offender outcomes. Many of the offenders who are sentenced to Intermediate Punishment participate in the following programs: day reporting; intensive supervision; electronic monitoring and other restrictive programs which provide close supervision and treatment tailored to the needs of the individual offender. Problem solving courts (drug, DUI, mental health) are also being used as intermediate punishments as they have proven effective in increasing the likelihood that offenders will complete their treatment conditions and remain crime-free.

PCCD's Bureau of Training Services oversees several justice training programs, including the legislatively mandated basic and continuing education training of deputy sheriffs and constables. PCCD provides quality, relevant, and current job-related training for local justice practitioners. The bureau also ensures coordination of PCCD training-related initiatives with other federal, state and local criminal justice training entities, and the review and development of training-related policy and legislation.

Program Element: Victim Services

Through its Victims' Services Advisory Committee and its Office of Victims Services, PCCD works to ensure that victims of crime get the help they need to transcend their trauma and move forward with their lives. Victim Services has two components, the Victims Compensation Assistance Program (VCAP) and the Victims Services Program (VSP).

PCCD's VCAP, created by Act 139 of 1976, responds to financial losses incurred by victims of crime. The money to pay crime victims comes from Pennsylvania's Crime Victims Fund, which is supported primarily by costs assessed against certain convicted offenders, as well as restitution, donations and reimbursements from victims who are awarded civil settlements. Additionally, federal funding under the Victims of Crime Act reimburses Pennsylvania, based on a formula of prior year payments to victims. In fiscal year 2010-11, PCCD paid \$14.4 million to or on behalf of Pennsylvania crime victims and processed 8,774 claims.

PCCD's VSP administers a variety of state and federal grants designed to assist victims of crime. These include the Rights and Services Act (RSA) Program which is a state grant program with funds made available through a \$25 penalty assessment on convicted/diverted offenders.

PCCD also administers the following federal grant programs: Victims of Crime Act, STOP Violence Against Women Act Program and the Sexual Assault Services Program.

PCCD funds both procedural services and direct services to victims of crime. Procedural services, such as courtroom orientation and accompaniment, victim rights notification and assistance with victim impact statements, help crime victims obtain the rights to which they are entitled under Pennsylvania's Crime Victims Act and also help them understand the progression of their case through the criminal or juvenile justice systems. On average, procedural services are provided to over 224,592 victims and witnesses per year. Direct services are activities that help victims of crime to cope with the physical, emotional and criminal justice issues associated with crime and help them stabilize their lives in the aftermath of trauma. Some examples include crisis intervention, shelter for domestic violence victims, long- and short-term counseling and other emergency services that are intended to restore a victim's sense of security. Federal funding is provided to all 67 counties in Pennsylvania to support rape crisis centers, domestic violence shelters, and programs that assist victims of drunk driving, child abuse, and survivors of homicide. On average, these programs provide assistance to over 130,000 Pennsylvania crime victims per year.

PCCD also administers the STOP Violence Against Women Program, established through the Violence Against Women Act of 1994 (reauthorized in 2005). This program exists to develop the nation's capacity to reduce domestic violence, sexual assault, stalking and dating violence. The STOP Program requires collaboration among law enforcement, victim services and prosecutors to provide effective response, investigation and prosecution of violence against women cases. Currently, 35 of Pennsylvania's 67 counties participate in the STOP Program. The federal Sexual Assault Services Program, also established through the Violence Against Women Act, supports rape crisis centers across the commonwealth in providing a variety of direct services to meet the needs of victims of sexual assault. On average, STOP funded programs annually provide assistance to over 26,000 victims of domestic violence, sexual assault, stalking and dating violence in Pennsylvania.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		Safe Schools Advocate
	Violence Prevention Programs		—nonrecurring 2011-12 budgetary freeze amount.
\$	—58		—reduction in administrative costs.
	—nonrecurring 2011-12 budgetary freeze amount.	\$	—8
			<u>—20</u>
		\$	<i>Appropriation Decrease</i>

All other appropriations are recommended at the current year funding levels.

Program: Criminal and Juvenile Justice Planning and Coordination (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Commission on Crime and Delinquency ...	\$ 3,332	\$ 3,183	\$ 3,183	\$ 3,183	\$ 3,183	\$ 3,183	\$ 3,183
Victims of Juvenile Crime	704	0	0	0	0	0	0
Violence Prevention Programs	1,908	1,921	1,863	1,863	1,863	1,863	1,863
Weed and Seed Program	405	0	0	0	0	0	0
Intermediate Punishment Treatment Programs	18,167	18,167	18,167	18,167	18,167	18,167	18,167
Violence Reduction	123	0	0	0	0	0	0
Safe Neighborhoods	172	0	0	0	0	0	0
Safe Schools Advocate	0	400	380	380	380	380	380
TOTAL GENERAL FUND	\$ 24,811	\$ 23,671	\$ 23,593	\$ 23,593	\$ 23,593	\$ 23,593	\$ 23,593

PROGRAM OBJECTIVE: To reduce the recurrence of juvenile delinquency through replacement of criminal behavior with socially acceptable behavior.

Program: Reintegration of Juvenile Delinquents

The Juvenile Court Judges' Commission (JCJC) is responsible for the development and improvement of juvenile probation services throughout the commonwealth. These services focus on the provision of balanced attention to the protection of the community, the imposition of accountability for offenses committed and the development of competencies to enable children to become responsible and productive members of the community. The provision of statewide juvenile justice training, graduate education, research, statistical information, and the development and enhancement of specialized probation services for juveniles have significantly improved the quality of service within the commonwealth's juvenile justice system.

All 67 of the commonwealth's counties participated in the commission's grant-in-aid program in 2010-11 and adopted the commission's required Juvenile Court Standards, participated in sponsored training programs and complied with all statistical reporting requirements. The grant-in-aid program is the only source of state funding for juvenile probation services. It supports the commission's major programs including training, graduate education and specialized projects, such as the provision of liability insurance for community service programs and software to enable counties to participate in the commission's juvenile probation management information system.

The commission annually sponsors 40 to 45 state-of-the-art-training programs for juvenile justice practitioners. In addition to the provision of training, the commission, in conjunction with Shippensburg University, provides support to enable probation officers to receive Master of Science degrees in the Administration of Justice. By the

end of 2011-12, 594 juvenile justice professionals will have earned graduate degrees through this program since its inception in 1982.

The commission continues to support the Juvenile Probation Services program, including school-based probation, community-based probation, intensive probation and aftercare services. The commission provides support for 376 specialized probation officers pursuant to commission standards. Of these positions, 68 are for school-based probation, 210 are for community-based probation, 32 are for intensive probation, 41 are for aftercare services and 25 are specialized probation services supervisors.

The commission's drug and alcohol initiative continues to be a priority. Fifty-one of the commonwealth's counties receive funds to support urinalysis drug testing techniques on those juvenile offenders who are known or suspected drug users. Juveniles referred by the court are tested for one or more of the following drugs: THC, cocaine, barbiturates, amphetamines, opiates, PCP, benzodiazepines and alcohol.

Juvenile arrests for violent crimes (murder, forcible rape, robbery and aggravated assault) decreased from 4,590 in 2009 to 4,552 in 2010. The arrest rate per 100,000 juveniles decreased from 355 in 2009 to 348 in 2010.

The JCJC participates in the commonwealth's Justice Network (JNET). The commission's primary role in the project is to assist in the design, development and implementation of the Juvenile Tracking System, which is part of JNET. The system electronically connects criminal justice agencies to facilitate information sharing.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND Juvenile Court Judges Commission The Juvenile Court Judges Commission is recommended at the current year funding level.	\$ -865	Juvenile Probation Services —funding reduction.
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Juvenile Court Judges Commission	\$ 2,241	\$ 2,461	\$ 2,461	\$ 2,461	\$ 2,461	\$ 2,461	\$ 2,461
Juvenile Probation Services	17,310	17,310	16,445	16,445	16,445	16,445	16,445
TOTAL GENERAL FUND	\$ 19,551	\$ 19,771	\$ 18,906	\$ 18,906	\$ 18,906	\$ 18,906	\$ 18,906

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Executive Direction							
Office of Administration - Human Resources							
Time required to review and approve agency requests for classification actions on vacant positions (in days)	23	23	23	23	23	23	23
Days required to process requests for clerks from the temporary clerical pool	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Days required to process requests for typists from the temporary clerical pool	6.4	6.4	6.4	6.4	6.4	6.4	6.4
Course offerings through the Enterprise Learning Management System at both the enterprise and agency level	1,364	1,364	1,364	1,364	1,364	1,364	1,364
Completion rate for mandatory Enterprise Learning Management System courses	77%	79%	81%	83%	85%	87%	87%
Completion rate for optional Enterprise Learning Management System courses	82%	84%	86%	88%	90%	92%	92%
Hours dedicated by agencies and vendors to safety programs	13,400	13,400	13,400	13,400	13,400	13,400	13,400
Workers' compensation claims filed and accepted	6,146	6,000	5,900	5,800	5,700	5,700	5,700
Office of Administration - Office of Public Safety Radio Services							
Percentage of statewide land area covered by the radio system	96.8%	97%	97.1%	97.2%	97.3%	97.4%	97.5%
Percentage of Statewide road coverage	97%	97%	97%	97%	98%	98%	98%
Radio interoperability with county 911 and emergency operations	64	67	67	67	67	67	67
Percentage of registered radios on the network	90%	91%	96%	100%	100%	100%	100%
Average monthly transmissions	4,171,258	4,630,000	5,139,000	5,705,000	6,332,000	7,029,000	7,802,000
Office of Administration - Office of Enterprise Records Management							
Percent of Issuances and Resolutions updated	60%	70%	80%	90%	100%	100%	100%
Increased program awareness and compliance through training, workshops, and agency informational meetings	40	15	15	15	15	15	15

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Commonwealth Technology Services							
Percentage of cyber attacks thwarted	99.4%	99.6%	99.9%	99.9%	99.9%	99.9%	99.9%
Percentage of virus events actively blocked	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%	99.9%
Percentage of SPAM messages blocked	97%	98%	99%	99%	99%	99%	99%
Office of the Budget							
Agency/Purchasing/Corporate credit card rebates earned	\$2,400,000	\$2,500,000	\$2,600,000	\$2,700,000	\$2,800,000	\$2,800,000	\$2,800,000
Percent of federal funds drawn within seven calendar days	99%	99%	99%	99%	99%	99%	99%
Employee payments issued	2,150,000	2,150,000	2,150,000	2,150,000	2,150,000	2,150,000	2,150,000
Invoices processed	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
Percentage of internal audit recommendations accepted	95%	96%	97%	98%	99%	99%	99%
Average number of payments issued per processor	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Office of Inspector General							
General investigations	335	250	250	250	250	250	250
Arrest investigations	3	20	20	20	20	20	20
Pre-employment background investigations	204	175	175	175	175	175	175
Office of Inspector General - Welfare Fund							
Fraud Prevention: investigations	25,893	27,000	27,000	27,000	27,000	27,000	27,000
Fraud Prevention: ineligibility determinations	12,420	12,500	14,000	14,500	14,500	14,500	14,500
Average amount of cost savings per Welfare Fraud Investigator	\$1,073,684	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000
Amount of cost savings based on ineligibility determinations	\$66,568,395	\$68,000,000	\$70,000,000	\$75,000,000	\$75,000,000	\$75,000,000	\$75,000,000
Fraud investigations	6,310	6,500	7,000	7,500	7,500	7,500	7,500
Amount of overpaid benefits collected through various means	\$45,693,936	\$47,000,000	\$50,000,000	\$52,000,000	\$52,000,000	\$52,000,000	\$52,000,000
Amount of cost savings and collections for every dollar spent on investigative activities.	\$15	\$16	\$18	\$20	\$20	\$20	\$20
Program: Prevention and Elimination of Discriminatory Practices							
Human Relations Commission							
Percentage of cases under investigation which are two or more years old	18%	15%	15%	15%	15%	15%	15%
Predetermination case settlement rate	39.3%	42.3%	42.3%	42.3%	42.3%	42.3%	42.3%

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Number of housing discrimination cases dually filed with HUD that are closed within 100 days.	59	61	61	61	61	61	61
Case settlement rate	40%	39%	43%	43%	43%	43%	43%
Program: Development of Artists and Audiences							
Council on the Arts							
Attendance at supported events (in thousands)	15,800	15,810	15,820	15,830	15,840	15,850	15,860
Grant applications received/reviewed	1,950	1,975	2,000	2,050	2,100	2,150	2,200
Grant awards made	1,800	1,820	1,850	1,900	1,950	2,000	2,050
Program: Criminal and Juvenile Justice Planning and Coordination							
Commission on Crime and Delinquency							
Planning and Coordination: Youth							
Percentage of youth participating in research-based programs with a demonstrated improvement related to the program's targeted behavioral outcome	45%	50%	55%	60%	65%	65%	65%
Percentage of youth served in intensive evidence-based programs with improved school attendance	65%	70%	75%	75%	75%	75%	75%
Planning and Coordination: Adult							
Percent of active offenders sentenced to the Intermediate Punishment Treatment Program successfully completing the treatment phase of their sentence (as determined by the court)	88%	85%	85%	85%	85%	85%	85%
Average number of jail days saved per active offender during the fiscal year through participation in Intermediate Punishment Treatment Program	88	90	90	90	90	90	90
Percent of offenders who successfully completed the Restrictive Intermediate Punishment portion of their sentence	75%	75%	77%	77%	78%	79%	80%
Average number of jail days saved per offender who completed the Restrictive Intermediate Punishment portion of their sentence	171	175	180	185	190	195	200

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Reintegration of Juvenile Delinquents							
Juvenile Court Judges' Commission							
Children referred to court	38,978	39,000	39,000	39,000	39,000	39,000	39,000
Commitments as a percentage of referrals	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%	6.4%
Children arrested for violent crime	4,552	4,550	4,550	4,550	4,550	4,550	4,550
Juvenile cases closed that received probation or other services	16,027	16,000	16,000	16,000	16,000	16,000	16,000
Percentage employed or engaged in an educational/vocational activity at case closing.	81%	81%	81.5%	82%	82.5%	83%	83.5%
Juvenile offenders who completed supervision without a new offense resulting in a Consent Decree, adjudication of delinquency, Accelerated Rehabilitation Disposition, Nolo Contendere, or finding of guilt in a criminal proceeding.	13,448	13,525	13,680	13,920	14,160	14,400	14,400

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LIEUTENANT GOVERNOR

The Lieutenant Governor serves as President of the Senate and Chairman of the Board of Pardons. In case of the death, conviction or impeachment, failure to qualify or resignation of the Governor, the Lieutenant Governor will become Governor for the remainder of the term. In case of the disability of the Governor, the powers, duties and emoluments of the office will transfer to the Lieutenant Governor until the disability is removed.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Lieutenant Governor's Office.....	\$ 485	\$ 858	\$ 802
Board of Pardons.....	491	487	476
(F)ARRA - Case Management System (EA).....	78	0	0
Subtotal - State Funds.....	\$ 976	\$ 1,345	\$ 1,278
Subtotal - Federal Funds.....	78	0	0
Total - General Government.....	<u>\$ 1,054</u>	<u>\$ 1,345</u>	<u>\$ 1,278</u>
STATE FUNDS.....	\$ 976	\$ 1,345	\$ 1,278
FEDERAL FUNDS.....	78	0	0
GENERAL FUND TOTAL.....	<u>\$ 1,054</u>	<u>\$ 1,345</u>	<u>\$ 1,278</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
EXECUTIVE DIRECTION							
GENERAL FUND.....	\$ 976	\$ 1,345	\$ 1,278	\$ 1,278	\$ 1,278	\$ 1,278	\$ 1,278
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	78	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 1,054	\$ 1,345	\$ 1,278	\$ 1,278	\$ 1,278	\$ 1,278	\$ 1,278
ALL PROGRAMS:							
GENERAL FUND.....	\$ 976	\$ 1,345	\$ 1,278	\$ 1,278	\$ 1,278	\$ 1,278	\$ 1,278
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	78	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 1,054	\$ 1,345	\$ 1,278	\$ 1,278	\$ 1,278	\$ 1,278	\$ 1,278

PROGRAM OBJECTIVE: To provide an effective administrative system through which substantive programs of the agency can be accomplished.

Program: Executive Direction

This program provides for the execution of duties relating to the Office of the Lieutenant Governor. These duties, as prescribed by the State Constitution, include presiding over the Senate; assuming the Office of the Governor for the remainder of the Governor's term, if necessary, as a result of the death, conviction or impeachment, failure to qualify or resignation of the Governor; and serving as Chairman

of the Pennsylvania Board of Pardons, which reviews applications for reprieve, commutation of sentences and pardons. Through statute, the Lieutenant Governor also serves as Chairman of the Local Government Advisory Committee, which advises the Governor's Center for Local Government Services and the administration on the needs and concerns of local government entities.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND		Board of Pardons	
\$	-26	\$	-15
	—nonrecurring 2011-12 budgetary freeze amount.		—nonrecurring 2011-12 budgetary freeze amount.
	-30		4
	—reduction in administrative costs.		—to continue current program.
\$	-56	\$	-11
	<i>Appropriation Decrease</i>		<i>Appropriation Decrease</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Lieutenant Governor's Office.....	\$ 485	\$ 858	\$ 802	\$ 802	\$ 802	\$ 802	\$ 802
Board of Pardons.....	491	487	476	476	476	476	476
TOTAL GENERAL FUND	\$ 976	\$ 1,345	\$ 1,278	\$ 1,278	\$ 1,278	\$ 1,278	\$ 1,278

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ATTORNEY GENERAL

The state constitution provides that the Attorney General shall be the chief law enforcement officer of the commonwealth and shall exercise such powers and perform such duties as may be imposed by law.

The Commonwealth Attorneys Act establishes the Attorney General as the chief legal and law enforcement officer of the commonwealth and provides the following fundamental duties and responsibilities of the Office of Attorney General:

To be the commonwealth's chief law enforcement officer charged with responsibility for the prosecution of organized crime and public corruption. This law enforcement program includes a criminal investigations unit and drug law enforcement program as well as direction of statewide and multi-county investigating grand juries and a Medicaid Fraud Control Section.

To represent the commonwealth and all commonwealth agencies and, upon request, the Auditor General, State Treasurer and Public Utility Commission in any action brought by or against the commonwealth or its agencies; to furnish upon request legal advice to the Governor or the head of any commonwealth agency.

To review for form and legality all proposed rules and regulations for commonwealth agencies.

To review for form and legality all commonwealth deeds, leases and contracts to be executed by commonwealth agencies.

To collect, by suit or otherwise, all debts, taxes and accounts due the commonwealth which shall be referred to and placed with the Attorney General.

To administer the provisions relating to consumer protection as well as appoint the Advisory Committee.

To represent the commonwealth and its citizens in any action brought for violation of the Antitrust Laws of the United States and the commonwealth.

The Attorney General, in addition, serves as a member of the Board of Pardons, the Joint Committee on Documents, the Hazardous Substances Transportation Board, the Board of Finance and Revenue, the Pennsylvania Commission on Crime and Delinquency, the Civil Disorder Commission and the Municipal Police Officers' Education and Training Commission.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 38,496	\$ 37,311	\$ 35,446
(F)Medicaid Fraud.....	3,766	3,596	3,731
(F)MAGLOCLIN.....	11,252	12,048	12,536
(A)Legal Fees Reimbursement.....	9	10	10
(A)Medicaid Fraud Reimbursements.....	15	5	5
(A)Investigative Costs Reimbursements.....	63	50	60
(A)Environmental Crimes Investigative Costs.....	11	10	0
(A)Continuing Legal Education.....	0	5	5
(A)Miscellaneous Revenue.....	11	6	6
Subtotal.....	<u>\$ 53,623</u>	<u>\$ 53,041</u>	<u>\$ 51,799</u>
(R)Office of Consumer Advocate.....	5,200	5,189	5,173
(R)Home Improvement Consumer Protection.....	0	1,395 ^a	1,395
Drug Law Enforcement.....	24,472	24,227	23,500
(F)Homeland Security Grant (EA).....	239	0	0
(F)High Intensity Drug Trafficking Areas.....	3,998	4,311	4,597
(A)Recovery of Narcotics Investigation Overtime Costs.....	51	50	50
Subtotal.....	<u>\$ 28,760</u>	<u>\$ 28,588</u>	<u>\$ 28,147</u>
Local Drug Task Forces.....	10,001	9,901	9,604
Drug Strike Task Force.....	2,081	2,060	1,998
Joint Local-State Firearm Task Force.....	3,107	3,107	3,014
Witness Relocation.....	1,193^b	1,133	1,099
Child Predator Interception Unit.....	1,371	1,371	1,330
Capital Appeals Case Unit.....	542	488	473
Charitable Nonprofit Conversions.....	974	877	851
Tobacco Law Enforcement.....	658	625	606
Subtotal - State Funds.....	\$ 82,895	\$ 81,100	\$ 77,921
Subtotal - Federal Funds.....	19,255	19,955	20,864
Subtotal - Augmentations.....	160	136	136
Subtotal - Restricted Revenues.....	5,200	6,584	6,568
Total - General Government.....	<u>\$ 107,510</u>	<u>\$ 107,775</u>	<u>\$ 105,489</u>
<i>Grants and Subsidies:</i>			
County Trial Reimbursement.....	\$ 112	\$ 292	\$ 200
(R)Reimbursement to Counties - Full Time District Attorney (EA).....	8,682	8,706	8,706
Subtotal - State Funds.....	\$ 112	\$ 292	\$ 200
Subtotal - Restricted Revenues.....	8,682	8,706	8,706
Total - Grants and Subsidies.....	<u>\$ 8,794</u>	<u>\$ 8,998</u>	<u>\$ 8,906</u>
STATE FUNDS.....	\$ 83,007	\$ 81,392	\$ 78,121
FEDERAL FUNDS.....	19,255	19,955	20,864
AUGMENTATIONS.....	160	136	136
RESTRICTED REVENUES.....	13,882	15,290	15,274
GENERAL FUND TOTAL.....	\$ 116,304	\$ 116,773	\$ 114,395

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
OTHER FUNDS:			
GENERAL FUND:			
Seized/Forfeited Property - State Court Awarded.....	\$ 5,217	\$ 8,281	\$ 8,533
Seized/Forfeited Property - U.S. Department of Justice.....	202	1,990	982
Seized/Forfeited Property - U.S. Treasury Department.....	77	195	195
Seized/Forfeited Property - U.S. Homeland Security.....	0	505	1,310
OAG Investigative Funds - Outside Sources.....	4,594	4,935	5,113
Public Protection Law Enforcement.....	3,552	8,629	8,135
Community Drug Abuse Prevention Program.....	114	465	430
Coroner's Education Board.....	0	50	0
GENERAL FUND TOTAL.....	\$ 13,756	\$ 25,050	\$ 24,698
STATE GAMING FUND:			
(R) Gaming Enforcement.....	\$ 994	\$ 976	\$ 1,011
CIGARETTE FIRE SAFETY AND FIREFIGHTER PROTECTION ACT FUND:			
Cigarette Fire Safety and Firefighter Protection Enforcement.....	\$ 0	\$ 50 ^c	\$ 50
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 83,007	\$ 81,392	\$ 78,121
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	19,255	19,955	20,864
AUGMENTATIONS.....	160	136	136
RESTRICTED.....	13,882	15,290	15,274
OTHER FUNDS.....	14,750	26,076	25,759
TOTAL ALL FUNDS.....	\$ 131,054	\$ 142,849	\$ 140,154

^a Includes recommended supplemental appropriation of \$1,395,000.

^b Appropriated as \$717,000 for Witness Relocation and \$476,000 for Violence Reduction Witness Relocation.

^c Includes recommended supplemental appropriation of \$50,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
PUBLIC PROTECTION AND LAW ENFORCEMENT							
GENERAL FUND.....	\$ 83,007	\$ 81,392	\$ 78,121	\$ 78,121	\$ 78,121	\$ 78,121	\$ 78,121
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	19,255	19,955	20,864	20,864	20,864	20,864	20,864
OTHER FUNDS.....	28,792	41,502	41,169	41,219	41,169	41,219	41,169
SUBCATEGORY TOTAL.....	\$ 131,054	\$ 142,849	\$ 140,154	\$ 140,204	\$ 140,154	\$ 140,204	\$ 140,154
ALL PROGRAMS:							
GENERAL FUND.....	\$ 83,007	\$ 81,392	\$ 78,121	\$ 78,121	\$ 78,121	\$ 78,121	\$ 78,121
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	19,255	19,955	20,864	20,864	20,864	20,864	20,864
OTHER FUNDS.....	28,792	41,502	41,169	41,219	41,169	41,219	41,169
DEPARTMENT TOTAL.....	\$ 131,054	\$ 142,849	\$ 140,154	\$ 140,204	\$ 140,154	\$ 140,204	\$ 140,154

PROGRAM OBJECTIVE: To enforce the criminal laws of the commonwealth; to protect the interests of Pennsylvania citizens in areas of consumer protection, antitrust enforcement, operation of charitable trusts and organizations, and civil rights; and to provide legal services to commonwealth agencies.

Program: Public Protection and Law Enforcement

The Attorney General, as the chief law enforcement officer of the commonwealth, is charged with the responsibility for the investigation and prosecution of organized crime and public corruption. The agency investigates and prosecutes criminal activity in accordance with Sections 205 and 206 of the Commonwealth Attorneys Act and uses statewide investigative grand juries as appropriate. The Office of Attorney General works with the State Police to curtail drug abuse in the commonwealth by apprehending illegal drug traffickers. Act 166 of 1994 established a section of Insurance Fraud within the Office of Attorney General to prosecute and investigate insurance fraud. Responsibilities also include the investigation and prosecution of Medicaid fraud, environmental crimes and cases referred by district attorneys across the state that have a conflict of interest or lack the resources to prosecute certain crimes.

Other major activities of this program involve decreasing the incidence of fraud and deceptive business practices and securing recovery of damages to the commonwealth and its citizens; encouraging free enterprise and competition; investigating and prosecuting consumer fraud, unfair trade practices, antitrust violations, civil rights violations and charitable scams; and providing for representation of the consumer in utility rate proceedings before the Public Utility Commission through the Office of the Consumer Advocate. The Consumer Advocate also represents the consumer in cases such as competition in the electric, gas and telecommunications industries, filings of alternative regulatory plans by telephone utilities, purchased gas cases and filings by major natural gas pipelines.

This program also provides legal services for governmental agencies of the commonwealth, as required by Section 204 of the Commonwealth Attorneys Act. Specifically, the Office of the Attorney General represents the commonwealth in any action brought by or against the commonwealth or its agencies, particularly tort claims.

Act 57 of 2005 amended the County Code to provide for full-time district attorneys under certain conditions. The salary to be paid the full-time district attorney is set at \$1,000 annually less than a common pleas court judge in that county. The commonwealth annually reimburses counties for 65 percent of the salary for the full-time district attorney which began in calendar year 2006. Act 30 of 2007 established the Criminal Justice Enhancement Account, which provides funding sources for the commonwealth's share.

The Joint Local-State Firearm Task Force is comprised of the Philadelphia District Attorney's Office, the Philadelphia Police Department and the Office of Attorney General and is established to fight gun violence in the Philadelphia area.

Act 42 of 2008, the Cigarette Fire Safety and Firefighter Protection Act, authorizes the office to file actions in state court when the act's requirements are violated. The Straw Purchase Prevention Education program, as created by Act 131 of 2008, authorizes the Attorney General to implement a program of outreach and education for the public and firearms dealers regarding straw purchases. Act 132 of 2008 established the Home Improvement Consumer Protection Act which requires home improvement contractors to register with the Bureau of Consumer Protection. The agency will investigate alleged violations regarding home improvement contractors.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>\$ -1,865</p> <p>\$ -727</p> <p>\$ -297</p> <p>\$ -62</p>	<p>GENERAL FUND General Government Operations —funding reduction.</p> <p>Drug Law Enforcement —funding reduction.</p> <p>Local Drug Task Forces —funding reduction.</p> <p>Drug Strike Task Force —funding reduction.</p>	<p>\$ -93</p> <p>\$ -34</p> <p>\$ -41</p> <p>\$ -15</p>	<p>Joint Local-State Firearm Task Force —funding reduction.</p> <p>Witness Relocation —funding reduction.</p> <p>Child Predator Interception Unit —funding reduction.</p> <p>Capital Appeals Case Unit —funding reduction.</p>
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Program: Public Protection and Law Enforcement (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

\$	-26	Charitable Nonprofit Conversions —funding reduction.	This budget also recommends the following from restricted accounts in the General Fund:				
\$	-19	Tobacco Law Enforcement —funding reduction.	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%; text-align: right;">Office of the Consumer Advocate</td> </tr> <tr> <td style="text-align: right;">\$ -16</td> <td style="text-align: left;">—to continue current program.</td> </tr> </table>		Office of the Consumer Advocate	\$ -16	—to continue current program.
	Office of the Consumer Advocate						
\$ -16	—to continue current program.						
\$	-92	County Trial Reimbursement —nonrecurring costs.	Home Improvement Consumer Protection and the Reimbursement to Counties - Full Time District Attorneys are recommended at the current year funding levels.				

Appropriations within this Program:

(Dollar Amounts in Thousands)

		2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
		Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
GENERAL FUND:								
General Government Operations	\$	38,496	\$ 37,311	\$ 35,446	\$ 35,446	\$ 35,446	\$ 35,446	\$ 35,446
Drug Law Enforcement.....		24,472	24,227	23,500	23,500	23,500	23,500	23,500
Local Drug Task Forces.....		10,001	9,901	9,604	9,604	9,604	9,604	9,604
Drug Strike Task Force.....		2,081	2,060	1,998	1,998	1,998	1,998	1,998
Joint Local-State Firearm Task Force.....		3,107	3,107	3,014	3,014	3,014	3,014	3,014
Witness Relocation.....		1,193	1,133	1,099	1,099	1,099	1,099	1,099
Child Predator Interception Unit		1,371	1,371	1,330	1,330	1,330	1,330	1,330
Capital Appeals Case Unit.....		542	488	473	473	473	473	473
Charitable Nonprofit Conversions.....		974	877	851	851	851	851	851
Tobacco Law Enforcement		658	625	606	606	606	606	606
County Trial Reimbursement.....		112	292	200	200	200	200	200
TOTAL GENERAL FUND	\$	83,007	\$ 81,392	\$ 78,121	\$ 78,121	\$ 78,121	\$ 78,121	\$ 78,121

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Public Protection and Law Enforcement							
Cases presented to the Statewide Investigating Grand Jury	114	85	85	85	85	85	85
Local drug task force arrests	5,950	6,000	6,000	6,000	6,000	6,000	6,000
Drug arrests resulting from Grand Jury presentments	241	210	210	210	210	210	210
Review of estates, charities, nonprofits, and health care conversions for compliance with rules and regulations	2,368	2,350	2,350	2,350	2,350	2,350	2,350
Consumer complaints concerning business practices investigated and mediated	38,211	40,000	40,000	40,000	40,000	40,000	40,000
Dollar value of recoupment to consumers regarding business practices (in thousands)	\$3,880	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Consumer complaints concerning business practices - health care industry	2,464	2,650	2,650	2,650	2,650	2,650	2,650



AUDITOR GENERAL

The Department of the Auditor General post-audits the affairs of state government agencies and certain local government agencies, officials and organizations. The objective is to ensure conformance with established legislative and administrative regulations and to assure that all money has been disbursed legally and properly. In addition, the Auditor General examines the accounts of revenue collecting agents to ensure that all money due the commonwealth was reported and transmitted properly.

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Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Auditor General's Office.....	\$ 44,287	\$ 42,923	\$ 40,777
(A)Reimbursement Auditing Services.....	12,948	12,995	12,995
Subtotal.....	<u>\$ 57,235</u>	<u>\$ 55,918</u>	<u>\$ 53,772</u>
Transition - Governor.....	154	0	0
Security and Other Expenses - Outgoing Governor.....	86	0	0
Board of Claims.....	1,718	1,701	1,616
Subtotal - State Funds.....	\$ 46,245	\$ 44,624	\$ 42,393
Subtotal - Augmentations.....	12,948	12,995	12,995
Total - General Government.....	<u>\$ 59,193</u>	<u>\$ 57,619</u>	<u>\$ 55,388</u>
STATE FUNDS.....	\$ 46,245	\$ 44,624	\$ 42,393
AUGMENTATIONS.....	12,948	12,995	12,995
GENERAL FUND TOTAL.....	<u>\$ 59,193</u>	<u>\$ 57,619</u>	<u>\$ 55,388</u>
OTHER FUNDS:			
MUNICIPAL PENSION AID FUND:			
Municipal Pension Aid.....	\$ 228,559	\$ 350,220	\$ 290,000
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 46,245	\$ 44,624	\$ 42,393
SPECIAL FUNDS.....	0	0	0
AUGMENTATIONS.....	12,948	12,995	12,995
OTHER FUNDS.....	228,559	350,220	290,000
TOTAL ALL FUNDS.....	<u>\$ 287,752</u>	<u>\$ 407,839</u>	<u>\$ 345,388</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
AUDITING							
GENERAL FUND.....	\$ 46,245	\$ 44,624	\$ 42,393	\$ 42,393	\$ 42,393	\$ 42,393	\$ 42,393
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	12,948	12,995	12,995	12,995	12,995	12,995	12,995
SUBCATEGORY TOTAL.....	\$ 59,193	\$ 57,619	\$ 55,388	\$ 55,388	\$ 55,388	\$ 55,388	\$ 55,388
MUNICIPAL PENSION SYSTEMS							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	228,559	350,220	290,000	230,000	230,000	230,000	230,000
SUBCATEGORY TOTAL.....	\$ 228,559	\$ 350,220	\$ 290,000	\$ 230,000	\$ 230,000	\$ 230,000	\$ 230,000
ALL PROGRAMS:							
GENERAL FUND.....	\$ 46,245	\$ 44,624	\$ 42,393	\$ 42,393	\$ 42,393	\$ 42,393	\$ 42,393
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	241,507	363,215	302,995	242,995	242,995	242,995	242,995
DEPARTMENT TOTAL.....	\$ 287,752	\$ 407,839	\$ 345,388	\$ 285,388	\$ 285,388	\$ 285,388	\$ 285,388

PROGRAM OBJECTIVE: To ensure that all revenue to which the commonwealth is entitled is deposited in the State Treasury and that public money is disbursed legally and properly.

Program: Auditing

The Auditor General is required by the Fiscal Code to audit the financial affairs of state government and certain local government entities. The Auditor General is mandated to perform audits of any entity receiving funds from the commonwealth or any entity collecting funds that belong to the commonwealth. Each year, the department performs thousands of regular and special post-audits of commonwealth agencies, individuals, associations and corporations to ensure money is disbursed legally and properly. The Auditor General also examines accounts of revenue collecting agents to assure that all funds due to the commonwealth have been reported and transmitted properly and that the commonwealth's financial statements conform to Generally Accepted Accounting Principles.

The Single Audit, which is a single financial/compliance audit of the commonwealth's federal aid programs, and an audit of the commonwealth's General Purpose Financial Statements are jointly performed each year by the Auditor General and an independent certified public accounting firm.

Special audits may be made when the Auditor General determines they appear to be necessary. Special audits must also be conducted when the Governor calls upon the Auditor General to do them.

The Fiscal Code also requires the Auditor General to audit public assistance payments to determine the eligibility of persons receiving public assistance grants. Recipients are subject to continuous audit. These audits serve to adjust grants to persons either ineligible or receiving overpayments or underpayments.

In addition to fiscal duties, by statute, the Auditor General serves as a member of the State Public School Building Authority and other major commonwealth boards and commissions.

The Board of Claims operates within this program as an independent judicial and administrative body with jurisdiction to hear and determine claims against the commonwealth that equal or exceed \$300.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND Auditor General's Office</p> <p>\$ -2,146 —reduction in administrative costs.</p>	<p>Board of Claims</p> <p>\$ -85 —reduction in administrative costs.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Auditor General's Office	\$ 44,287	\$ 42,923	\$ 40,777	\$ 40,777	\$ 40,777	\$ 40,777	\$ 40,777
Transition - Governor.....	154	0	0	0	0	0	0
Security and Other Expenses - Outgoing							
Governor.....	86	0	0	0	0	0	0
Board of Claims.....	1,718	1,701	1,616	1,616	1,616	1,616	1,616
TOTAL GENERAL FUND	\$ 46,245	\$ 44,624	\$ 42,393	\$ 42,393	\$ 42,393	\$ 42,393	\$ 42,393

PROGRAM OBJECTIVE: To assist municipal pension systems through review and audit of their pension funds.

Program: Municipal Pension Systems

In 1984, the General Assembly passed Act 205, known as the Municipal Pension Plan Funding Standard and Recovery Act. The enactment of this legislation was in response to the solvency problems facing many of the commonwealth's municipal pension systems. The act establishes criteria for determination of actuarial soundness and the amount of state-financed support that will be provided. The Auditor General is responsible for audits of approximately 1,300 municipal pension funds for nonuniformed employees where municipalities choose to allocate state aid to those funds.

The Auditor General administers the Municipal Pension Systems Aid program, established by Act 205 to distribute funding to municipal pension plans for police officers

and paid firefighters. The program is funded through the Municipal Pension Aid Fund, which receives all proceeds of the Foreign Casualty Insurance Premium Tax and a portion of the Foreign Fire Insurance Premium Tax.

The Auditor General is also responsible for distributing proceeds from the Foreign Fire Insurance Tax Fund to municipalities for payment to volunteer firefighter relief associations. Financial statements for the Municipal Pension Aid Fund and the Fire Insurance Tax Fund are presented in the Special Funds Appendix section of this budget.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	MUNICIPAL PENSION AID FUND	
	Municipal Pension Aid	
\$ -60,220		—reduction from a temporary increase in revenues that resulted from tax compliance efforts.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
MUNICIPAL PENSION AID FUND:							
Municipal Pension Aid	\$ 228,559	\$ 350,220	\$ 290,000	\$ 230,000	\$ 230,000	\$ 230,000	\$ 230,000



TREASURY DEPARTMENT

The Treasury Department is responsible for receiving all commonwealth monies and for depositing such monies in state depositories approved by the Board of Finance and Revenue, for managing all securities in its custody to the best advantage of the commonwealth, for preauditing all requisitions for the expenditures of funds and for disbursement of all state monies upon proper authorization to those entitled to receive payment.

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Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 34,485	\$ 33,423	\$ 31,752
(A)Expenses - Unemployment Compensation.....	6,133	5,249	4,945
(A)Administrative Services.....	1,374	1,651	1,635
(A)Unclaimed Property Reference Fees.....	509	535	285
Subtotal.....	<u>\$ 42,501</u>	<u>\$ 40,858</u>	<u>\$ 38,617</u>
Divestiture Reimbursement.....	0	0	165
Board of Finance and Revenue.....	1,987	2,047	1,945
Intergovernmental Organizations.....	989	1,174	1,139
Publishing Monthly Statements.....	15	15	15
Information Technology Modernization.....	3,367	7,500	7,425
Replacement Checks (EA).....	2,307	2,300	2,200
Subtotal - State Funds.....	\$ 43,150	\$ 46,459	\$ 44,641
Subtotal - Augmentations.....	8,016	7,435	6,865
Total - General Government.....	<u>\$ 51,166</u>	<u>\$ 53,894</u>	<u>\$ 51,506</u>
<i>Grants and Subsidies:</i>			
Law Enforcement & Emergency Response Personnel Death Benefit.....	\$ 1,862	\$ 2,163	\$ 2,163
<i>Debt Service:</i>			
Loan and Transfer Agents.....	\$ 63	\$ 65	\$ 60
Tax Note Expenses (EA).....	400	0	400
Interest on Tax Anticipation Notes (EA).....	2,200	0	5,000
General Obligation Debt Service.....	974,866	1,041,432	1,114,332
(A)Student Community Building Fees.....	0	10	10
Subtotal - State Funds.....	\$ 977,529	\$ 1,041,497	\$ 1,119,792
Subtotal - Augmentations.....	0	10	10
Total - Debt Service.....	<u>\$ 977,529</u>	<u>\$ 1,041,507</u>	<u>\$ 1,119,802</u>
STATE FUNDS.....	\$ 1,022,541	\$ 1,090,119	\$ 1,166,596
AUGMENTATIONS.....	8,016	7,445	6,875
GENERAL FUND TOTAL.....	<u>\$ 1,030,557</u>	<u>\$ 1,097,564</u>	<u>\$ 1,173,471</u>
MOTOR LICENSE FUND:			
<i>General Government:</i>			
Administration Refunding Liquid Fuels Tax.....	\$ 547	\$ 557	\$ 557
Replacement Checks - Motor License Fund (EA).....	100	100	100
Total - General Government.....	<u>\$ 647</u>	<u>\$ 657</u>	<u>\$ 657</u>
<i>Refunds:</i>			
Refunding Liquid Fuels Taxes - State Share (EA).....	\$ 3,000	\$ 1,000	\$ 1,000
Refunding Liquid Fuels Taxes - Agriculture (EA).....	3,800	3,800	3,200
Refunding Liquid Fuels Taxes - Political Subdivisions (EA).....	1,000	3,000	2,500
Refunding Liquid Fuels Taxes - Volunteer Services (EA).....	400	400	400
Refunding Liquid Fuels Taxes - Snowmobiles & ATV's (EA).....	1,000	1,000	1,000
Refunding Liquid Fuels Taxes - Boat Fund (EA).....	2,300	2,300	2,300
Total - Refunds.....	<u>\$ 11,500</u>	<u>\$ 11,500</u>	<u>\$ 10,400</u>

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
Debt Service:			
Capital Debt Transportation Projects.....	\$ 11,379	\$ 10,510	\$ 4,322
General Obligation Debt Service.....	13,569	14,800	14,800
(R)Capital Bridge Debt Service (EA).....	34,388	47,685	40,889
Loan and Transfer Agent.....	50	50	50
Subtotal - State Funds.....	\$ 24,998	\$ 25,360	\$ 19,172
Subtotal - Restricted Revenues.....	34,388	47,685	40,889
Total - Debt Service.....	<u>\$ 59,386</u>	<u>\$ 73,045</u>	<u>\$ 60,061</u>
STATE FUNDS.....	\$ 37,145	\$ 37,517	\$ 30,229
RESTRICTED REVENUES.....	34,388	47,685	40,889
MOTOR LICENSE FUND TOTAL.....	<u>\$ 71,533</u>	<u>\$ 85,202</u>	<u>\$ 71,118</u>
<u>BANKING AND SECURITIES DEPARTMENT FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Banking Department Fund (EA).....	\$ 5	\$ 5	\$ 5
<u>BOAT FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Boat Fund (EA).....	\$ 5	\$ 5	\$ 5
<u>FARM PRODUCTS SHOW FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Farm Products Show Fund (EA).....	\$ 5	\$ 5	\$ 5
<u>FISH FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Fish Fund (EA).....	\$ 5	\$ 5	\$ 5
<u>GAME FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Game Fund (EA).....	\$ 5	\$ 5	\$ 5
<u>KEYSTONE RECREATION, PARK AND CONSERVATION FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Keystone Recreation, Park, Consv Fnd (EA).....	\$ 5	\$ 5	\$ 5
<u>LOTTERY FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Lottery Fund (EA).....	\$ 50	\$ 50	\$ 50
<u>RACING FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Racing Fund (EA).....	\$ 10	\$ 10	\$ 10
<u>TOBACCO SETTLEMENT FUND:</u>			
<i>General Government:</i>			
Replacement Checks-Tobacco Settlement Fund (EA).....	\$ 5	\$ 5	\$ 5

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
OTHER FUNDS:			
ENVIRONMENTAL STEWARDSHIP FUND:			
Debt Service for Growing Greener (EA)	\$ 37,169	\$ 37,954	\$ 37,646
TUITION ACCOUNT GUARANTEED SAVINGS PROGRAM FUND:			
Tuition Account Program Bureau.....	\$ 3,183	\$ 2,940	\$ 3,229
(A)Application Fees.....	935	890	780
TUITION ACCOUNT GUARANTEED SAVINGS PROGRAM FUND TOTAL.....	\$ 4,118	\$ 3,830	\$ 4,009
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 1,022,541	\$ 1,090,119	\$ 1,166,596
SPECIAL FUNDS.....	37,240	37,612	30,324
AUGMENTATIONS.....	8,016	7,445	6,875
RESTRICTED.....	34,388	47,685	40,889
OTHER FUNDS.....	41,287	41,784	41,655
TOTAL ALL FUNDS.....	\$ 1,143,472	\$ 1,224,645	\$ 1,286,339

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
DISBURSEMENT							
GENERAL FUND.....	\$ 44,008	\$ 47,433	\$ 45,650	\$ 45,585	\$ 45,585	\$ 45,585	\$ 43,160
SPECIAL FUNDS.....	12,242	12,252	11,152	11,152	11,152	11,152	11,152
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	12,134	11,265	10,874	10,874	10,874	10,874	10,874
SUBCATEGORY TOTAL.....	<u>\$ 68,384</u>	<u>\$ 70,950</u>	<u>\$ 67,676</u>	<u>\$ 67,611</u>	<u>\$ 67,611</u>	<u>\$ 67,611</u>	<u>\$ 65,186</u>
INTERSTATE RELATIONS							
GENERAL FUND.....	\$ 989	\$ 1,174	\$ 1,139	\$ 1,139	\$ 1,139	\$ 1,139	\$ 1,139
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	<u>\$ 989</u>	<u>\$ 1,174</u>	<u>\$ 1,139</u>	<u>\$ 1,139</u>	<u>\$ 1,139</u>	<u>\$ 1,139</u>	<u>\$ 1,139</u>
DEBT SERVICE							
GENERAL FUND.....	\$ 977,544	\$ 1,041,512	\$ 1,119,807	\$ 1,172,227	\$ 1,198,993	\$ 1,236,792	\$ 1,285,681
SPECIAL FUNDS.....	24,998	25,360	19,172	15,599	14,192	14,192	14,110
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	71,557	85,649	78,545	83,968	83,919	85,539	85,449
SUBCATEGORY TOTAL.....	<u>\$ 1,074,099</u>	<u>\$ 1,152,521</u>	<u>\$ 1,217,524</u>	<u>\$ 1,271,794</u>	<u>\$ 1,297,104</u>	<u>\$ 1,336,523</u>	<u>\$ 1,385,240</u>
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1,022,541	\$ 1,090,119	\$ 1,166,596	\$ 1,218,951	\$ 1,245,717	\$ 1,283,516	\$ 1,329,980
SPECIAL FUNDS.....	37,240	37,612	30,324	26,751	25,344	25,344	25,262
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	83,691	96,914	89,419	94,842	94,793	96,413	96,323
DEPARTMENT TOTAL.....	<u>\$ 1,143,472</u>	<u>\$ 1,224,645</u>	<u>\$ 1,286,339</u>	<u>\$ 1,340,544</u>	<u>\$ 1,365,854</u>	<u>\$ 1,405,273</u>	<u>\$ 1,451,565</u>

PROGRAM OBJECTIVE: To receive and safeguard the monies of the commonwealth, to manage the funds to the best advantage of the commonwealth and to ensure that all disbursements of funds are legal and proper.

Program: Disbursement

The Treasury Department is required by the Fiscal Code to receive and deposit all monies of the commonwealth; to invest any commonwealth monies that accumulate beyond the daily needs of the various funds; to manage to the best possible advantage all securities in its custody; to pre-audit all requisitions for the expenditure of funds; and to disburse all state monies upon proper authorization to those entitled to receive payment. In this capacity, the department is responsible for the receipt, custody and disbursement of billions of dollars each year.

The Treasury Department also maintains accounting controls and disburses all checks to recipients of public assistance. Thousands of disbursements are processed each working day for distribution to recipients. This processing includes pre-auditing, printing and mailing the checks to individual recipients and banks. Hundreds of participating banks throughout the commonwealth distribute thousands of checks daily.

The State Treasurer is Chairman of the Board of Finance and Revenue. The treasurer serves on various state boards and commissions, including several public retirement boards.

The Board of Finance and Revenue operates within this program by reviewing and deciding appeals concerning settlements made between the commonwealth and persons, associations and corporations. The board also administers the program for refunding certain monies to which the commonwealth is not legally entitled.

Under the provisions of Act 101 of 1976, as amended by Act 161 of 1994, Act 59 of 2005 and Act 51 of 2009, the Treasury Department is required to pay death benefits, adjusted annually for inflation, to the surviving spouse or children of public safety workers, firefighters or law enforcement officers of the commonwealth killed in the performance of their duties and to reimburse political subdivisions for such payments made to survivors of local firefighters or law enforcement officers.

The Treasury Department administers the Tuition Account Program, which provides for two programs for postsecondary educational savings. The Tuition Account Guaranteed Savings Program Fund provides for the advance purchase of tuition credits for students who will attend institutions of higher education. Savings for higher education may also be made through the Tuition Account Investment Program Fund. A cash flow statement for each fund is included in the Special Funds Appendix.

The State Treasurer is responsible for the administration and enforcement of the commonwealth's abandoned and unclaimed property laws. Tangible and intangible property that has remained unclaimed for five or more years is reported and remitted to the Treasury Department by holders in possession of the property. The commonwealth maintains perpetual custody of the property until it is claimed by the rightful owner. Revenues generated by collection of unclaimed property cover the costs of paying claims.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND			MOTOR LICENSE FUND
	General Government Operations			Refunding Liquid Fuels Tax - Agriculture
\$ -1,671	—reduction in administrative costs.	\$ -600		—based on most recent projection of program requirements.
	Divestiture Reimbursement			Refunding Liquid Fuels Tax - Political Subdivisions
\$ 165	—reimbursement of costs required by Act 44 of 2010.	\$ -500		—based on most recent projection of program requirements.
	Information Technology Modernization			
\$ -75	—decrease in current project costs.			
	Board of Finance and Revenue			
\$ -102	—reduction in administrative costs.			
	Replacement Checks (EA)			
\$ -100	—nonrecurring costs.			

All other appropriations are recommended at the current year funding levels.

Program: Disbursement (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 34,485	\$ 33,423	\$ 31,752	\$ 31,752	\$ 31,752	\$ 31,752	\$ 31,752
Divestiture Reimbursement	0	0	165	100	100	100	100
Board of Finance and Revenue	1,987	2,047	1,945	1,945	1,945	1,945	1,945
Information Technology Modernization	3,367	7,500	7,425	7,425	7,425	7,425	5,000
Replacement Checks (EA)	2,307	2,300	2,200	2,200	2,200	2,200	2,200
Law Enforcement & Emergency Response Personnel Death Benefit	1,862	2,163	2,163	2,163	2,163	2,163	2,163
TOTAL GENERAL FUND	\$ 44,008	\$ 47,433	\$ 45,650	\$ 45,585	\$ 45,585	\$ 45,585	\$ 43,160
MOTOR LICENSE FUND:							
Administration Refunding Liquid Fuels Tax	\$ 547	\$ 557	\$ 557	\$ 557	\$ 557	\$ 557	\$ 557
Replacement Checks - Motor License Fund (EA)	100	100	100	100	100	100	100
Refunding Liquid Fuels Taxes - State Share (EA)	3,000	1,000	1,000	1,000	1,000	1,000	1,000
Refunding Liquid Fuels Taxes - Agriculture (EA)	3,800	3,800	3,200	3,200	3,200	3,200	3,200
Refunding Liquid Fuels Taxes - Political Subdivisions (EA)	1,000	3,000	2,500	2,500	2,500	2,500	2,500
Refunding Liquid Fuels Taxes - Volunteer Services (EA)	400	400	400	400	400	400	400
Refunding Liquid Fuels Taxes - Snowmobiles & ATV's (EA)	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Refunding Liquid Fuels Taxes - Boat Fund (EA)	2,300	2,300	2,300	2,300	2,300	2,300	2,300
TOTAL MOTOR LICENSE FUND	\$ 12,147	\$ 12,157	\$ 11,057	\$ 11,057	\$ 11,057	\$ 11,057	\$ 11,057
BANKING DEPARTMENT FUND:							
Replacement Checks-Banking Department Fund (EA)	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
BOAT FUND:							
Replacement Checks-Boat Fund (EA)	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
FARM PRODUCTS SHOW FUND:							
Replacement Checks-Farm Products Show Fund (EA)	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
FISH FUND:							
Replacement Checks-Fish Fund (EA)	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
GAME FUND:							
Replacement Checks-Game Fund (EA)	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Replacement Checks-Keystone Recreation, Park, Conservation Fund (EA)	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5
LOTTERY FUND:							
Replacement Checks-Lottery Fund (EA)	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
RACING FUND:							
Replacement Checks-Racing Fund (EA)	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
TOBACCO SETTLEMENT FUND:							
Replacement Checks - Tobacco Settlement Fund (EA)	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5

PROGRAM OBJECTIVE: To promote interstate cooperation and progress through participation in various associations and organizations both regionally and nationally.

Program: Interstate Relations

Pennsylvania helps promote interstate cooperation and progress through participation in various organizations, associations and commissions with other states and other units of government. As a member of the Council of State Governments, Education Commission of the States, National Conference of State Legislatures and the National Governors' Association, Pennsylvania helps coordinate ideas on programs, interstate progress, budgets, federal-state relations, education, labor, research, governmental techniques and general information with other states, the Congress and the federal Executive Branch.

The Governmental Accounting Standards Board is also included within this program. The board provides guidance and establishes standards to promote uniformity and

comparability in governmental accounting and financial reporting.

The State and Local Legal Center provides for Pennsylvania's participation in a center to advance and defend the interests of state and local governments in matters involving federal preemption, state taxing and spending powers, the Tenth Amendment to the United States Constitution and other issues.

This program also covers Pennsylvania's cost of the Great Lakes Commission and the Council of Great Lakes Governors. These organizations were established to plan and promote a unified and balanced program for the development, use and conservation of Great Lakes Basin water resources.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
Intergovernmental Organizations
 \$ -35 —funding reduction.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Intergovernmental Organizations	\$ 989	\$ 1,174	\$ 1,139	\$ 1,139	\$ 1,139	\$ 1,139	\$ 1,139

PROGRAM OBJECTIVE: To provide for interest and principal requirements of notes and bonds issued by the commonwealth and other expenses related to debt service.

Program: Debt Service

The commonwealth, through the Treasury Department, is obligated to meet principal and interest requirements and other expenses related to debt service.

Long-term bonds are issued by the state to finance the cost of public improvements that represent such a heavy financial burden that they cannot be funded through current revenues. These bond issues have provided funds for the acquisition and development of public recreation and historic sites and facilities; economic revitalization efforts; low-cost loans for water supply and sewage

treatment improvements; and a wide variety of construction and renovation projects for hospitals, higher education facilities, state parks, flood control, correctional institutions and various public buildings.

The commonwealth has saved substantial amounts of interest on debt service through the issuance of refunding bonds to retire debt incurred in prior years when interest rates were considerably higher. The commonwealth continues to monitor its debt for additional refunding opportunities.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
 \$ 78,295 —the net effect on principal and interest requirements and other costs relating to General Fund debt service.

MOTOR LICENSE FUND
 \$ -6,188 —the net effect on principal and interest requirements and other costs relating to Motor License Fund debt service.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Publishing Monthly Statements	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15	\$ 15
Loan and Transfer Agents	63	65	60	60	60	60	60
Tax Note Expenses (EA)	400	0	400	400	400	400	400
Interest on Tax Anticipation Notes (EA)	2,200	0	5,000	5,000	5,000	5,000	5,000
General Obligation Debt Service	974,866	1,041,432	1,114,332	1,166,752	1,193,518	1,231,317	1,280,206
TOTAL GENERAL FUND	\$ 977,544	\$ 1,041,512	\$ 1,119,807	\$ 1,172,227	\$ 1,198,993	\$ 1,236,792	\$ 1,285,681
MOTOR LICENSE FUND:							
Capital Debt Transportation Projects	\$ 11,379	\$ 10,510	\$ 4,322	\$ 749	\$ 0	\$ 0	\$ 0
General Obligation Debt Service	13,569	14,800	14,800	14,800	14,142	14,142	14,060
Loan and Transfer Agent	50	50	50	50	50	50	50
TOTAL MOTOR LICENSE FUND	\$ 24,998	\$ 25,360	\$ 19,172	\$ 15,599	\$ 14,192	\$ 14,192	\$ 14,110

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Disbursement							
Disbursements issued:							
Disbursements - checks	5,324,000	4,942,000	4,892,000	4,843,000	4,795,000	4,747,000	4,700,000
Disbursements - electronic payments	43,348,000	46,195,000	42,813,000	43,241,000	43,674,000	44,110,000	44,110,000

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DEPARTMENT OF AGING

The mission of the Department of Aging is to enhance the quality of life of older Pennsylvanians by empowering the community, the family and the individual.

The Department of Aging consolidates services for older Pennsylvanians and provides a single point of contact through which older Pennsylvanians can address their concerns to state government.

Statewide services are provided through the local Area Agencies on Aging. Services include long-term care assessment, home and community-based services, nutrition, employment, transportation, domiciliary care and protection. Additionally, the Department of Aging manages the pharmaceutical assistance program for older Pennsylvanians.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
LOTTERY FUND:			
General Government:			
General Government Operations.....	\$ 7,100	\$ 6,705	\$ 6,705
(F)Programs for the Aging - Title III - Administration.....	1,674	1,781	1,781
(F)Programs for the Aging - Title V - Administration.....	177	145	145
(F)Medical Assistance - Administration.....	1,693	1,936	1,936
(F)Program for the Aging - Title VII - Administration.....	100	118	118
(A)Day Care Licensure.....	10	10	10
Subtotal.....	<u>\$ 10,754</u>	<u>\$ 10,695</u>	<u>\$ 10,695</u>
Subtotal - State Funds.....	\$ 7,100	\$ 6,705	\$ 6,705
Subtotal - Federal Funds.....	3,644	3,980	3,980
Subtotal - Augmentations.....	10	10	10
Total - General Government.....	<u>\$ 10,754</u>	<u>\$ 10,695</u>	<u>\$ 10,695</u>
Grants and Subsidies:			
PENNCARE.....	\$ 243,283	\$ 248,764	\$ 248,164
(F)Programs for the Aging - Title III.....	52,000	52,000	52,000
(F)ARRA - Programs for the Aging - Title III.....	1,891	0	0
(F)ARRA - Chronic Disease Self-management.....	1,000	1,000	0
(F)Programs for the Aging - Nutrition.....	10,000	10,000	10,000
(F)Programs for the Aging - Title V - Employment.....	8,000	8,000	8,000
(F)Programs for the Aging - Title VII - Elder Rights Protection.....	4,700	4,700	4,700
(F)Medical Assistance - Attendant Care.....	15,747	19,236	20,572
(F)ARRA - Medical Assistance Attendant Care.....	3,124	0	0
(F)Medical Assistance - Support.....	13,564	13,564	9,000
(F)Medical Assistance Nursing Home Transition Administration.....	700	700	700
(F)Relief and Recovery Assistance for Flood Resources Serving O.....	0	100	0
(A)Attendant Care Patient Fees.....	163	164	164
Subtotal.....	<u>\$ 354,172</u>	<u>\$ 358,228</u>	<u>\$ 353,300</u>
Pre-Admission Assessment.....	10,735	10,735	10,735
(F)Pre-Admission Assessment.....	14,483	14,483	16,000
Subtotal.....	<u>\$ 25,218</u>	<u>\$ 25,218</u>	<u>\$ 26,735</u>
Caregiver Support.....	12,103 a	12,103 a	12,103
(F)Programs for the Aging - Title III - Caregiver Support.....	10,000	10,000	10,000
Subtotal.....	<u>\$ 22,103</u>	<u>\$ 22,103</u>	<u>\$ 22,103</u>
Alzheimer's Outreach.....	250	250	250
Pharmaceutical Assistance Fund.....	200,000	225,000	190,000
Subtotal - State Funds.....	\$ 466,371	\$ 496,852	\$ 461,252
Subtotal - Federal Funds.....	135,209	133,783	130,972
Subtotal - Augmentations.....	163	164	164
Total - Grants and Subsidies.....	<u>\$ 601,743</u>	<u>\$ 630,799</u>	<u>\$ 592,388</u>
STATE FUNDS.....	\$ 473,471	\$ 503,557	\$ 467,957
FEDERAL FUNDS.....	138,853	137,763	134,952
AUGMENTATIONS.....	173	174	174
LOTTERY FUND TOTAL.....	<u>\$ 612,497</u>	<u>\$ 641,494</u>	<u>\$ 603,083</u>

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
TOBACCO SETTLEMENT FUND:			
<i>Grants and Subsidies:</i>			
Home and Community-Based Services (EA).....	\$ 30,358	\$ 32,183	\$ 32,183
(F)Medical Assistance - Community Services (EA).....	33,472	36,202	36,202
Subtotal.....	<u>\$ 63,830</u>	<u>\$ 68,385</u>	<u>\$ 68,385</u>
PACENET Transfer (EA).....	26,148	24,790	24,877
Subtotal - State Funds.....	\$ 56,506	\$ 56,973	\$ 57,060
Subtotal - Federal Funds.....	33,472	36,202	36,202
Total - Grants and Subsidies.....	<u>\$ 89,978</u>	<u>\$ 93,175</u>	<u>\$ 93,262</u>
STATE FUNDS.....	\$ 56,506	\$ 56,973	\$ 57,060
FEDERAL FUNDS.....	33,472	36,202	36,202
TOBACCO SETTLEMENT FUND TOTAL.....	<u>\$ 89,978</u>	<u>\$ 93,175</u>	<u>\$ 93,262</u>
OTHER FUNDS:			
PHARMACEUTICAL ASSISTANCE FUND:			
PACE Contracted Services (EA).....	\$ 8,497 ^b	\$ 0 ^b	\$ 28,795 ^b
Administration of PACE (EA).....	1,102	1,082	1,127
PHARMACEUTICAL ASSISTANCE FUND TOTAL.....	<u>\$ 9,599</u>	<u>\$ 1,082</u>	<u>\$ 29,922</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	529,977	560,530	525,017
FEDERAL FUNDS.....	172,325	173,965	171,154
AUGMENTATIONS.....	173	174	174
OTHER FUNDS.....	9,599	1,082	29,922
TOTAL ALL FUNDS.....	<u>\$ 712,074</u>	<u>\$ 735,751</u>	<u>\$ 726,267</u>

^a Appropriated as Family Caregiver.

^b Transfer to Pharmaceutical Assistance Fund not added to the total to avoid double counting: 2010-11 Actual is \$200,000,000, 2011-12 Available is \$225,000,000 and 2012-13 Budget is \$190,000,000. PACENET Transfer (EA) also not added to the total to avoid double counting: 2010-11 Actual is \$26,148,000, 2011-12 Available is \$24,790,000 and 2012-13 Budget is \$24,877,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
COMMUNITY SERVICES FOR OLDER PENNSYLVANIANS							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	303,829	310,740	310,140	315,262	315,262	315,262	315,262
FEDERAL FUNDS.....	172,325	173,965	171,154	172,835	172,835	172,835	172,835
OTHER FUNDS.....	173	174	174	174	174	174	174
SUBCATEGORY TOTAL.....	\$ 476,327	\$ 484,879	\$ 481,468	\$ 488,271	\$ 488,271	\$ 488,271	\$ 488,271
PHARMACEUTICAL ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	226,148	249,790	214,877	239,877	249,877	259,877	269,877
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	9,599	1,082	29,922	9,941	6,351	3,973	3,310
SUBCATEGORY TOTAL.....	\$ 235,747	\$ 250,872	\$ 244,799	\$ 249,818	\$ 256,228	\$ 263,850	\$ 273,187
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	529,977	560,530	525,017	555,139	565,139	575,139	585,139
FEDERAL FUNDS.....	172,325	173,965	171,154	172,835	172,835	172,835	172,835
OTHER FUNDS.....	9,772	1,256	30,096	10,115	6,525	4,147	3,484
DEPARTMENT TOTAL.....	\$ 712,074	\$ 735,751	\$ 726,267	\$ 738,089	\$ 744,499	\$ 752,121	\$ 761,458

PROGRAM OBJECTIVE: To enable older Pennsylvanians to maintain active and independent lives in their own homes or alternative community living arrangements.

Program: Community Services for Older Pennsylvanians

The commonwealth's commitment to supporting older Pennsylvanians is demonstrated by a continuum of services ranging from independent living with the support of home and community-based services through institutional care.

The Department of Aging has established a network of in-home and community-based services addressing the varied needs of older Pennsylvanians. These programs enrich the lives of older Pennsylvanians and enable at-risk older Pennsylvanians to delay or avoid institutionalization. The 52 Area Agencies on Aging (AAAs), serving all 67 counties, provide aging services at the local level.

Because many older Pennsylvanians require only minimal outside support to function independently, a basic service of AAAs is to inform them of available supports. AAAs sponsor more than 650 senior centers throughout the commonwealth that provide a full range of social, recreational and educational activities. Congregate meals, served by the centers, provide participating older Pennsylvanians with a hot, nutritionally balanced meal. Transportation services arranged by AAAs allow older Pennsylvanians to visit the doctor, shop or attend senior center events. Job placement services help older Pennsylvanians find unsubsidized private sector employment and offer job training and subsidized part-time community service employment.

At-risk older Pennsylvanians require more extensive and personalized services to remain in their homes and communities and avoid relocating to an institutional setting such as a nursing facility. The level of care assessment program assists older Pennsylvanians and their families in securing and managing intensive in-home services tailored to their needs. The department provides counseling to individuals to apprise them of choices in the continuum of care from community services to nursing facilities. Counseling is also provided to assist individuals

currently residing in nursing facilities to transition to community services when their needs can be safely met in the community. A variety of personal support services are available for the growing population of older Pennsylvanians. The continuum of services is available based on the functional and financial qualifications of the participant, ranging from home delivered meals to intensive in-home services for older Pennsylvanians needing the level of care available in institutional settings. Services are designed to provide the least restrictive alternative to meet the individual's need. Persons with higher incomes share in the cost of services.

Additionally, under the Older Adult Protection Services Act, protective services are provided to older Pennsylvanians who are at imminent risk of abuse, neglect, exploitation or abandonment. The department, through the AAAs, investigates reports and develops individualized service plans to eliminate or mitigate the risks.

Attendant care services are maintained for adults with disabilities transitioning at age 60 from the Department of Public Welfare's Attendant Care program. The enhanced level of personal care services is provided until health changes indicate that a change in service level is appropriate.

The Department of Aging assists families who support older, at-risk individuals in their home through the Caregiver Support Program. Working through the AAAs, the program provides benefits counseling and, depending on income, financial assistance, including supplies, services and home adaptations and devices. The Family Caregiver Support Act was amended in 2011 to align the state and federal program requirements, expand the definition of caregiver to include non-relatives, eliminate the requirement that a caregiver live with the care recipient and change the title of the act to Pennsylvania Caregiver Support.

Program: Community Services for Older Pennsylvanians (continued)

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

LOTTERY FUND	
PENNCARE	
\$ 2,394	—to continue current services and to annualize previous expansion of attendant care services.
1,068	—to provide attendant care services for an additional 190 recipients who transfer from the Department of Public Welfare's Attendant Care Program at age 60.
261	—revision of federal financial participation from 55.07% to 54.28%.
<u>-4,323</u>	—nonrecurring projects.
\$ -600	<i>Appropriation Decrease</i>

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
LOTTERY FUND:							
General Government Operations	\$ 7,100	\$ 6,705	\$ 6,705	\$ 6,705	\$ 6,705	\$ 6,705	\$ 6,705
PENNCARE.....	243,283	248,764	248,164	253,286	253,286	253,286	253,286
Pre-Admission Assessment.....	10,735	10,735	10,735	10,735	10,735	10,735	10,735
Caregiver Support	12,103	12,103	12,103	12,103	12,103	12,103	12,103
Alzheimer's Outreach	<u>250</u>	<u>250</u>	<u>250</u>	<u>250</u>	<u>250</u>	<u>250</u>	<u>250</u>
TOTAL LOTTERY FUND.....	<u>\$ 272,380</u>	<u>\$ 275,393</u>	<u>\$ 310,740</u>	<u>\$ 315,262</u>	<u>\$ 315,262</u>	<u>\$ 315,262</u>	<u>\$ 315,262</u>
TOBACCO SETTLEMENT FUND:							
Home and Community-Based Services (EA).....	<u>\$ 30,358</u>	<u>\$ 32,183</u>	<u>\$ 32,183</u>	<u>\$ 32,183</u>	<u>\$ 32,183</u>	<u>\$ 32,183</u>	<u>\$ 32,183</u>

PROGRAM OBJECTIVE: To assist eligible older Pennsylvanians who experience difficulty meeting the cost of prescription drugs necessary to maintain healthy lives.

Program: Pharmaceutical Assistance

The pharmaceutical assistance program provides limited pharmaceutical assistance to qualified older Pennsylvanians who are 65 years of age and older and who face the burden of the cost of drugs required to maintain healthy, productive lives.

The Pharmaceutical Assistance Contract for the Elderly (PACE) program has two components, PACE and PACENET. PACE, the traditional, comprehensive program is for older Pennsylvanians whose annual income is at or below \$14,500 for single persons and \$17,700 for married persons. The PACE Needs Enhancement Tier (PACENET) program is available for older Pennsylvanians whose annual income is between \$14,500 and \$23,500 for single persons and between \$17,700 and \$31,500 for married persons.

The Medicare Prescription Drug, Improvement and Modernization Act (MMA) of 2003 created a new outpatient drug benefit, Medicare Part D, which began providing drug coverage in January 2006. Act 111 of 2006 created PACE Plus Medicare, which enables cardholders to take advantage of the features of both PACE and Medicare Part D. With the goal of providing seamless coverage, PACE Plus fills the coverage gaps encountered by cardholders in Medicare Part D, including deductibles, the doughnut hole phase of no Medicare coverage, drugs excluded under MMA, drugs not on a plan's formulary and copayment differentials between the Part D plan coverage and the PACE and PACENET copayments. PACE Plus pays the Medicare premiums for Part D coverage for PACE cardholders, while PACENET cardholders must pay the Part D premiums. Act 111 of 2006 also eliminated the monthly deductible for PACENET cardholders.

The PACE program acts as the enrollees' representative and facilitates PACE cardholder enrollment into the Extra Help/Low-Income Subsidy offering under Part D as well as collaborating with selected prescription drug plans to facilitate enrollment of PACE and PACENET cardholders into Part D. PACE covers all medications requiring a prescription in the commonwealth, as well as insulin, insulin syringes and needles, unless a manufacturer does not participate in the manufacturer's rebate program. PACE

does not cover medications that can be purchased without a prescription, cosmetic drugs or less than effective drugs without certification by a physician. PACE cardholders pay a mandatory copayment of \$6 for generic and \$9 for brand-name prescriptions. PACENET cardholders pay a copayment of \$8 for generic and \$15 for brand-name prescriptions.

The department is responsible for ensuring compliance with the program requirements. In addition to careful review of eligibility, including income verification by matching with Pennsylvania income tax returns, the department audits providers to detect and deter fraud and has established both a prospective and a retrospective drug utilization review system to monitor and correct misuse of drug therapies.

The department also serves as the administrative and fiscal agent for other commonwealth-sponsored drug reimbursement programs. It processes claims, adjudicates claims, and/or collects drug rebates from pharmaceutical manufacturers for select programs in the Department of Health, the Department of Public Welfare and the Insurance Department.

In accordance with Act 111 of 2006, participating pharmacies are reimbursed at 88 percent of the average wholesale costs of prescription drugs plus a dispensing fee, their usual and customary charge, or the most current federal upper payment limit established in the Medicaid Program for generic drugs plus a dispensing fee, whichever is less. A prudent pharmaceutical purchasing program ensures that the program receives a discount from drug manufacturers. PACE pays for drug products from manufacturers that agree to pay a rebate percentage of the average manufacturer price for brand and generic drugs pursuant to the determination established by section 1927(c) (1) of the Social Security Act. In addition, participating manufacturers agree to pay an excessive pharmaceutical price inflation discount equivalent to the difference between the quarterly average manufacturer's price charged for a drug, excluding generics, and the average quarterly price charged for that drug one year earlier inflated by the Consumer Price Index-Urban.

Program: Pharmaceutical Assistance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	LOTTERY FUND		TOBACCO SETTLEMENT FUND
	Pharmaceutical Assistance Fund		PACENET Transfer (EA)
\$ -35,000	—decrease in Lottery Fund transfer required to support the PACE program.	\$ 87	—increase in Tobacco Settlement funds available for transfer.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
LOTTERY FUND:							
Pharmaceutical Assistance Fund	<u>\$ 200,000</u>	<u>\$ 225,000</u>	<u>\$ 190,000</u>	<u>\$ 215,000</u>	<u>\$ 225,000</u>	<u>\$ 235,000</u>	<u>\$ 245,000</u>
TOBACCO SETTLEMENT FUND:							
PACENET Transfer (EA)	<u>\$ 26,148</u>	<u>\$ 24,790</u>	<u>\$ 24,877</u>	<u>\$ 24,877</u>	<u>\$ 24,877</u>	<u>\$ 24,877</u>	<u>\$ 24,877</u>

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Community Services for Older Pennsylvanians							
Pennsylvanians 60 years and older	2,702,605	2,705,875	2,709,150	2,712,425	2,715,695	2,718,970	2,722,245
Pennsylvanians 85 years and older	305,675	315,545	325,410	335,225	345,145	355,010	364,880
Persons served in the community who are clinically nursing home eligible	37,470	39,345	41,220	41,220	41,220	41,220	41,220
Pre-Admission Assessment							
Assessments/recertifications	105,725	105,725	105,725	105,725	105,725	105,725	105,725
Referrals to nursing homes	39,140	39,140	39,140	39,140	39,140	39,140	39,140
Referrals to community services	45,660	45,660	45,660	45,660	45,660	45,660	45,660
Persons Receiving Assistance							
Congregate meals	132,630	132,630	132,630	132,630	132,630	132,630	132,630
Personal assistance services	1,470	1,470	1,470	1,470	1,470	1,470	1,470
Attendant care services	1,880	2,090	2,280	2,280	2,280	2,280	2,280
Home delivered meals	36,425	36,425	36,425	36,425	36,425	36,425	36,425
Home support services	6,595	6,595	6,595	6,595	6,595	6,595	6,595
Personal care services	13,125	13,125	13,125	13,125	13,125	13,125	13,125
Protective services	17,790	17,790	17,790	17,790	17,790	17,790	17,790
Families receiving caregiver support	7,120	7,120	7,120	7,120	7,120	7,120	7,120
Program: Pharmaceutical Assistance							
Comprehensive PACE Program							
Older Pennsylvanians enrolled (average)	125,105	120,175	112,600	105,510	98,860	92,635	86,800
Total prescriptions per year	4,398,280	4,233,835	3,967,100	3,717,175	3,482,990	3,263,565	3,057,960
Average PACE cost per prescription	\$24.30	\$20.74	\$21.19	\$21.65	\$22.22	\$22.81	\$23.43
PACE Needs Enhancement Tier (PACENET)							
Older Pennsylvanians enrolled (average)	182,480	183,955	190,945	196,675	202,575	208,650	214,910
Total prescriptions per year	5,942,900	6,097,700	6,323,545	6,505,700	6,693,095	6,885,875	7,092,450
Average PACENET cost per prescription	\$28	\$21	\$21.39	\$21.71	\$22.16	\$22.63	\$23.26

The PACE and PACENET average cost per prescription decreases in 2011-12 are due to changes in the Medicare Part D program enacted in the "Patient Protection and Affordable Care Act."



DEPARTMENT OF AGRICULTURE

The mission of the Department of Agriculture is to encourage and promote agriculture and related industries throughout the commonwealth.

The department's mission is accomplished through four major programs: consumer protection, property protection, farmland preservation and farmers and agribusiness development. The department provides a full range of services to farmers and consumers from Harrisburg and through seven regional offices located around the state.

The Department of Agriculture carries out activities to ensure wholesome and safe agricultural products for consumers; to expand existing and develop new domestic and foreign markets for Pennsylvania's farmers to compete in the global economy; to develop and encourage proper farming and conservation practices; to prevent, control and eradicate diseases among livestock, poultry and plants; to regulate the conduct of horse racing; and to improve the quality of life in rural Pennsylvania.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 27,041^a	\$ 26,442	\$ 26,197
(F)Plant Pest Detection System.....	1,300	1,300	1,300
(F)Poultry Grading Service.....	100	100	100
(F)Medicated Feed Mill Inspection.....	50	50	50
(F)National School Lunch Administration.....	1,700	1,700	1,700
(F)Emergency Food Assistance.....	4,000	4,000	4,000
(F)ARRA - Emergency Food Assistance.....	2,000	0	0
(F)Pesticide Control.....	1,000	1,000	1,000
(F)Agricultural Risk Protection.....	1,000	1,000	1,000
(F)Commodity Supplemental Food.....	3,000	3,000	3,000
(F)Organic Cost Distribution.....	180	250	250
(F)Animal Disease Control.....	2,000	2,000	2,000
(F)Food Establishment Inspections.....	300	500	500
(F)Integrated Pest Management.....	250	250	250
(F)Johnes Disease Herd Project.....	2,000	2,000	2,000
(F)Avian Influenza Surveillance.....	2,000	2,000	2,000
(F)Oral Rabies Vaccine.....	100	100	100
(F)Exotic Newcastle Disease Control.....	300	300	300
(F)Scrapie Disease Control.....	60	60	60
(F)Foot and Mouth Disease Monitoring.....	150	150	150
(F)Wildlife Services.....	800	800	800
(F)Animal Identification.....	2,000	2,000	2,000
(F)Specialty Crops.....	1,000	1,000	1,500
(F)Emerald Ash Borer Mitigation.....	800	800	800
(F)Aquaculture Assistance.....	212	0	0
(F)ARRA - Aquaculture Assistance.....	1,900	0	0
(F)Mediation Grant.....	200	200	200
(F)Farmland Protection.....	4,000	6,000	6,000
(F)Bioterrorism Preparedness (EA).....	792	350	0
(A)Lime Inspection.....	27	28	28
(A)Feed Inspections and Registrations.....	601	537	537
(A)Milk Plant Inspections.....	22	22	22
(A)Mailing List Production.....	2	5	5
(A)Administrative Services.....	2,949	2,571	2,994
(A)Pesticide Regulation.....	847	800	800
(A)Training Rides and Attractions.....	20	25	25
(A)Food Site Inspection.....	2	127	127
(A)Apiary Registration and Fees.....	14	10	10
(A)Weights and Measures Inspection Services.....	15	15	15
(A)Food Employee Certification Fees.....	100	0	0
(A)Transfer from Fertilizer Account.....	21	37	37
(A)Consumer Fireworks License.....	430	330	330
(A)Taxidermy Permit Registrations.....	124	90	90
(A)Transfer from Motor License Fund.....	0 ^b	0 ^b	0 ^b
(A)Transfer from Other State Agencies.....	211	45	140
(A)Farm Show Revenue.....	33	42	42
(A)Company Sponsorships.....	16	10	10
(A)Vet Lab Diagnostic Fees.....	0	500	750
(A)Domestic Animal Dealer License.....	0	50	50
(A)Transfer from Environmental Stewardship Fund.....	116	128	128
Subtotal.....	\$ 65,785	\$ 62,724	\$ 63,397
Agricultural Excellence.....	293	270	0
Farmers' Market Food Coupons.....	2,100	2,079	2,079
(F)Farmers' Market Food Coupons.....	3,500	3,500	3,500
(F)ARRA - Farmers' Market Food Coupons.....	70	0	0
(F)Supplemental Nutrition Assistance.....	100	0	0
(F)Senior Farmers' Market Nutrition.....	2,200	2,200	2,200
Agricultural Research.....	857	787	0
Agricultural Promotion, Education and Exports.....	214	196	0

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
Hardwoods Research and Promotion	294	270	0
(A)Hardwood Conference Fees.....	3	0	0
Subtotal - State Funds.....	\$ 30,799	\$ 30,044	\$ 28,276
Subtotal - Federal Funds.....	39,064	36,610	36,760
Subtotal - Augmentations.....	5,553	5,372	6,140
Total - General Government.....	<u>\$ 75,416</u>	<u>\$ 72,026</u>	<u>\$ 71,176</u>
Grants and Subsidies:			
Animal Health Commission.....	\$ 4,625	\$ 4,579	\$ 4,350
Animal Indemnities.....	5	0	0
Transfer to State Farm Products Show Fund.....	2,605	2,579	2,450
Payments to Pennsylvania Fairs.....	981	971	0
Livestock Show.....	174	160	0
Open Dairy Show.....	174	160	0
Youth Shows.....	128 c	127	121
State Food Purchase.....	17,852	17,338	17,338
Food Marketing and Research.....	539	494	0
(F)Market Improvement.....	150	150	150
Transfer to Nutrient Management Fund.....	2,741	2,741	2,714
Transfer to Conservation District Fund.....	1,039	1,029	1,019
Crop Insurance.....	499	0	0
(F)Crop Insurance.....	2,000	2,000	2,000
Farm-School Nutrition.....	25	0	0
Transfer to Agricultural College Land Scrip Fund.....	0	44,737	0
University of Pennsylvania - Veterinary Activities.....	29,754 d	27,889	0
University of Pennsylvania - Center for Infectious Disease.....	248 d	248	0
Subtotal - State Funds.....	\$ 61,389	\$ 103,052	\$ 27,992
Subtotal - Federal Funds.....	2,150	2,150	2,150
Total - Grants and Subsidies.....	<u>\$ 63,539</u>	<u>\$ 105,202</u>	<u>\$ 30,142</u>
STATE FUNDS.....	\$ 92,188	\$ 133,096	\$ 56,268
FEDERAL FUNDS.....	41,214	38,760	38,910
AUGMENTATIONS.....	5,553	5,372	6,140
GENERAL FUND TOTAL	<u>\$ 138,955</u>	<u>\$ 177,228</u>	<u>\$ 101,318</u>
FARM PRODUCTS SHOW FUND:			
General Government:			
General Operations (EA).....	\$ 6,394	\$ 6,310	\$ 6,310
(A)Transfer from General Fund.....	0 e	0 e	0 e
Subtotal - State Funds.....	\$ 6,394	\$ 6,310	\$ 6,310
Total - General Government.....	<u>\$ 6,394</u>	<u>\$ 6,310</u>	<u>\$ 6,310</u>
STATE FUNDS.....	\$ 6,394	\$ 6,310	\$ 6,310
FARM PRODUCTS SHOW FUND TOTAL	<u>\$ 6,394</u>	<u>\$ 6,310</u>	<u>\$ 6,310</u>
MOTOR LICENSE FUND:			
General Government:			
Weights & Measures Administration.....	\$ 3,975	\$ 4,328	\$ 4,328

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
<u>RACING FUND:</u>			
<i>General Government:</i>			
State Racing Commissions (EA).....	\$ 13,197	\$ 14,054	\$ 14,054
Equine Toxicology and Research Laboratory (EA).....	3,159	3,104	3,354
(A)Reimbursements - Out of State Testing.....	7	1	1
Pennsylvania Fairs - Administration (EA).....	262	259	259
Subtotal - State Funds.....	\$ 16,618	\$ 17,417	\$ 17,667
Subtotal - Augmentations.....	7	1	1
Total - General Government.....	<u>\$ 16,625</u>	<u>\$ 17,418</u>	<u>\$ 17,668</u>
STATE FUNDS.....	\$ 16,618	\$ 17,417	\$ 17,667
AUGMENTATIONS.....	7	1	1
RACING FUND TOTAL.....	<u>\$ 16,625</u>	<u>\$ 17,418</u>	<u>\$ 17,668</u>
<u>OTHER FUNDS:</u>			
GENERAL FUND:			
Agriculture Farm Operations.....	\$ 610	\$ 800	\$ 800
Dog Law Administration.....	8,808	8,860	7,951
Pesticide Regulation.....	3,401	4,036	4,036
Plant Pest Management.....	429	458	410
National School Lunch.....	1	60	60
Agronomic Regulatory Account.....	416	268	274
Fruit and Vegetable Inspection and Grading.....	329	451	464
Cervidae Livestock Operations.....	0	0	20
GENERAL FUND TOTAL.....	<u>\$ 13,994</u>	<u>\$ 14,933</u>	<u>\$ 14,015</u>
AGRICULTURAL CONSERVATION EASEMENT PURCHASE FUND:			
Purchase of County Easements (EA).....	\$ 28,000	\$ 28,000	\$ 25,000
CONSERVATION DISTRICT FUND:			
Conservation District Grants (EA).....	\$ 1,039	\$ 1,029	\$ 1,019
ENVIRONMENTAL STEWARDSHIP FUND:			
Transfer to Agricultural Conservation Easement Program (EA).....	\$ 4,645	\$ 5,110	\$ 2,749
NUTRIENT MANAGEMENT FUND:			
Planning, Loans, Grants and Technical Assistance (EA).....	\$ 314	\$ 314	\$ 291
Nutrient Management - Administration (EA).....	453	462	464
NUTRIENT MANAGEMENT FUND TOTAL.....	<u>\$ 767</u>	<u>\$ 776</u>	<u>\$ 755</u>
AGRICULTURAL COLLEGE LAND SCRIP FUND:			
Agricultural Research Programs and Extension Services.....	\$ 0	\$ 0	\$ 0
PA RACE HORSE DEVELOPMENT FUND:			
Transfer to Agricultural College Land Scrip Fund.....	\$ 0	\$ 0	\$ 44,737
University of Pennsylvania - Veterinary Activities.....	0	0	26,495
University of Pennsylvania - Center for Infectious Disease.....	0	0	236
Payments to Pennsylvania Fairs.....	0	0	874
PA RACE HORSE DEVELOPMENT FUND TOTAL.....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 72,342</u>
RACING FUND:			
Sire Stakes Fund.....	\$ 13,890	\$ 11,900	\$ 11,900
Breeders' Fund.....	18,394	19,500	19,500
PA Standardbred Breeders Development Fund.....	7,870	9,282	9,282
RACING FUND TOTAL.....	<u>\$ 40,154</u>	<u>\$ 40,682</u>	<u>\$ 40,682</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 92,188	\$ 133,096	\$ 56,268
SPECIAL FUNDS.....	26,987	28,055	28,305
FEDERAL FUNDS.....	41,214	38,760	38,910
AUGMENTATIONS.....	5,560	5,373	6,141
OTHER FUNDS.....	88,599	90,530	156,562
TOTAL ALL FUNDS.....	<u>\$ 254,548</u>	<u>\$ 295,814</u>	<u>\$ 286,186</u>

^a 2010-11 Actual includes \$137,000 appropriated in Executive Offices for the Governor's Advisory Council on Rural Affairs, \$271,000 appropriated for Agricultural Conservation Easement Administration, and \$294,000 appropriated for Nutrient Management.

^b Not added to avoid double counting. See Motor License Fund section of this summary for dollar amount.

^c 2010-11 Actual includes \$34,000 appropriated for Junior Dairy Show, \$43,000 appropriated for 4-H Club Shows, and \$51,000 appropriated for Future Farmers.

^d Appropriated in the Department of Education.

^e Not added to the total to avoid double counting. 2010-11 Actual is \$2,605,000, 2011-12 Available is \$2,579,000, and 2012-13 Budget is \$2,450,000.

^f Not added to the total to avoid double counting. 2011-12 Available is \$44,737,000, 2012-13 Budget is \$44,737,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
PROTECTION AND DEVELOPMENT OF AGRICULTURAL INDUSTRIES							
GENERAL FUND.....	\$ 72,236	\$ 113,679	\$ 36,851	\$ 36,851	\$ 36,851	\$ 36,851	\$ 36,851
SPECIAL FUNDS.....	10,369	10,638	10,638	10,638	10,638	10,638	10,638
FEDERAL FUNDS.....	25,484	23,200	23,350	23,350	23,350	23,350	23,350
OTHER FUNDS.....	53,998	55,220	122,020	122,030	100,030	99,530	99,530
SUBCATEGORY TOTAL.....	\$ 162,087	\$ 202,737	\$ 192,859	\$ 192,869	\$ 170,869	\$ 170,369	\$ 170,369
HORSE RACING REGULATION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	16,618	17,417	17,667	17,667	17,667	17,667	17,667
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	40,161	40,683	40,683	40,683	40,683	40,683	40,683
SUBCATEGORY TOTAL.....	\$ 56,779	\$ 58,100	\$ 58,350	\$ 58,350	\$ 58,350	\$ 58,350	\$ 58,350
EMERGENCY FOOD ASSISTANCE							
GENERAL FUND.....	\$ 19,952	\$ 19,417	\$ 19,417	\$ 19,417	\$ 19,417	\$ 19,417	\$ 19,417
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	15,730	15,560	15,560	15,560	15,560	15,560	15,560
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 35,682	\$ 34,977	\$ 34,977	\$ 34,977	\$ 34,977	\$ 34,977	\$ 34,977
ALL PROGRAMS:							
GENERAL FUND.....	\$ 92,188	\$ 133,096	\$ 56,268	\$ 56,268	\$ 56,268	\$ 56,268	\$ 56,268
SPECIAL FUNDS.....	26,987	28,055	28,305	28,305	28,305	28,305	28,305
FEDERAL FUNDS.....	41,214	38,760	38,910	38,910	38,910	38,910	38,910
OTHER FUNDS.....	94,159	95,903	162,703	162,713	140,713	140,213	140,213
DEPARTMENT TOTAL.....	\$ 254,548	\$ 295,814	\$ 286,186	\$ 286,196	\$ 264,196	\$ 263,696	\$ 263,696

PROGRAM OBJECTIVE: To strengthen the agricultural economy and related enterprises.

Program: Protection and Development of Agricultural Industries

Program Element: Protection of Agricultural Industries and Resources

Pennsylvania has a diverse and robust agricultural industry. The Pennsylvania Department of Agriculture has garnered national attention for department regulatory programs such as the Pennsylvania Egg Quality Assurance Program, use of integrated data technology and software such as the PAHERDS (Pennsylvania Animal Health Emergency Reporting Diagnostic System),

The Bureaus of Animal Health and Diagnostic Services, Food Safety and Laboratory Services, Plant Industry, Ride and Measurement Standards and Dog Law Enforcement are responsible, in large part, for protecting agriculture and consumers in Pennsylvania. The Bureaus of Farmland Preservation and Market Development are charged with preserving agricultural resources in the commonwealth, promoting Pennsylvania products nationally and internationally, and providing resources to farmers to ensure that they have tools to maintain profitability and transition farms and businesses to the next generation. These seven bureaus, through their scores of regulatory and development programs, are engaged in protecting and developing Pennsylvania's agricultural industries and resources, as well as consumers, on a daily basis.

The Bureau of Animal Health and Diagnostic Services (BAHDS), with support from the Pennsylvania Animal Diagnostic Laboratory System (PADLS) and the Animal Health Commission, is responsible for the detection, identification, containment and eradication of livestock and poultry diseases. Disease control programs for diseases such as brucellosis, avian influenza, west nile virus, rabies, and chronic wasting disease seek to reduce significant economic loss to producers and prevent transmission of zoonotic organisms from animals to humans. Each disease control program has field, laboratory, and administrative components to ensure the department is complying with mandated responsibilities and animal health is protected. Bureau staff in headquarters and in the field evaluate certificates of veterinary inspection for both interstate and intrastate movement to assure that animals in Pennsylvania have met necessary health requirements. This process is valuable for preventing movement of unhealthy animals into Pennsylvania and for tracking animals at risk for disease because they were potentially exposed to a diseased animal. The bureau also provides quality assurance programs, including the Avian Influenza Monitored Flock program, Johne's Disease National Status Program, the Dairy Quality Assurance Program and the CWD Monitored

Herd Program. BAHDS has invested in the development and implementation of PAHERDS, an integrated database that combines an animal tracking application and laboratory information management system, which allows entities to perform detailed analysis of animal disease and provides the capability to effectively locate and eradicate disease outbreaks.

The Pennsylvania Veterinary Laboratory (PVL) is one of three Pennsylvania laboratories that make up the PADLS. PVL is also part of a nationwide network of state and federal laboratories dedicated to identifying and combating animal diseases. PVL provides rapid and accurate diagnostic services to clients while maintaining a bio-secure environment. The laboratory provides animal health services for producers' domestic animals with emphasis on infectious, nutritional and toxic diseases. State of the art testing methods help diagnose common diseases and provide surveillance to detect emerging diseases.

Public and community services are provided by the Cooperative Extension Service of the Pennsylvania State University offers consultation to any state resident on agricultural or environmental issues. It operates the Agricultural Extension Computer Network with a computer in every county cooperative extension service office and offers a statewide network of information linked to the resources of the main campus.

The Bureau of Plant Industry inspects all nurseries and greenhouses to determine the presence of regulated plant pests and diseases and potential invasive species that would be harmful to Pennsylvania agriculture. Field staff are supported by plant pathologists, entomologists, and other program and laboratory professionals in Harrisburg. These highly trained professionals ensure correct diagnoses of disease or environmental conditions, identification of insects and other arthropod pests, and recommend proper treatment to growers. Program staff issue quarantine orders to ensure plants contaminated with diseases or pests are not relocated, in an attempt to limit the spread of economically detrimental diseases. They also issue phytosanitary certificates, which allow plants and plant materials to be exported to other states or countries.

The bureau administers the Pesticide Control Act, which regulates the sale, use, handling, storage and transportation of pesticides. Pesticide enforcement specialists ensure compliance with the Pesticide Control Act by reviewing registration of all pesticide products, test and register all private, commercial and public pesticide applicators to insure minimum competency levels and license pesticide application businesses and dealers.

Program: Protection and Development of Agricultural Industries (continued)

The department also conducts routine and for-cause inspections and investigations of those who manufacture, distribute, transport or use pesticides. Appropriate and effective pesticide use ensures protection of agriculture resources while minimizing adverse effects on human life and the environment.

The Bureau of Farmland Preservation, through administration of the Agricultural Land Preservation section of Act 64 of 1988, purchases development easements on prime agriculture land to assure its continued use for agricultural purposes. Over 4,000 farms have been preserved. The unprecedented investment the commonwealth has made in farmland preservation has made Pennsylvania's program a national leader in preservation efforts.

The State Conservation Commission, housed within the Executive Offices, administers a number of programs that relate to the protection of agricultural resources. The Nutrient Management program, which seeks to reduce the amount of nutrients that are washed from agricultural soils, provides support for nutrient plan reviews, grant applications for best management practices, and a recognized certification process for nutrient management specialists. Nutrient management plans and implementation of related best practices is critical to Pennsylvania's success in complying with federally mandated nutrient reductions in the Chesapeake Bay watershed. Commission staff, in cooperation with Department of Environmental Protection and County Conservation District staff, has been tasked with assisting farmers with developing and implementing nutrient management plans, and ensuring that federal regulations will allow for both a cleaner Chesapeake Bay and viable Pennsylvania farms.

Program Element: Protection of Consumers

The Department of Agriculture is committed to protecting consumer health and safety and ensuring equity in the marketplace. The Bureau of Food Safety and Laboratory Services protects Pennsylvania consumers through inspections of restaurants, food manufacturers, milk processors, retail food stores, schools, camps and summer feeding sites. The Bureau of Ride and Measurement Standards ensures amusement rides in the commonwealth have been inspected and are safe for riders. They also ensure weighing and measuring devices are accurate. The Bureau of Plant Industry tests agronomic products to ensure they meet labeling and regulatory standards.

Among the most significant of the department's consumer protection activities are its inspections and testing activity for food safety. The Bureau of Food Safety and Laboratory Services (BFSLS) has primary responsibility for regulating food-related activities in the commonwealth. Food sanitarians license and inspect more than 22,000 manufacturing firms, warehouses and retail

food stores; license and inspect over 31,000 public eating and drinking establishments and frozen dessert operations; inspect 2,735 schools and approximately 600 camps and summer food sites; and permit and inspect approximately 325 seasonal farm labor camps. Pennsylvania has invested significant funding in a web-based reporting system that gives consumers online access to eating and drinking establishment inspection reports. These online reports provide transparency to consumers. Milk sanitarians and program specialists issue milk permits and inspect approximately 400 dairy processing, manufacturing and distribution facilities; issue and audit Approved Dairy Inspectors; approve dairy sampler's licenses and dairy laboratory director's certificates; and evaluate and inspect a wide spectrum of dairy equipment, from bulk tanker trucks to commercial pasteurization units. Agricultural commodity inspectors inspect egg processing plants, ensure compliance with state and federal egg regulations at warehouses and grocery stores and grade fruits and vegetables for quality. The bureau is a third party monitor for the PEQAP (Pennsylvania Egg Quality Assurance Program), ensuring eggs with the PEQAP logo have been tested for food-borne pathogens and handled in a safe manner.

The Bureau of Ride and Measurement Standards regulates and maintains uniform standards of legal weights and measures of commonwealth products through inspections and audits. Devices inspected include fuel dispensers, small/medium/large capacity scales, vehicle tanks meters, propane meters, timing devices, scanners, UPC systems, grain moisture meters and livestock scales. Recent legislation has vested the bureau with responsibility for ensuring there is 2 percent biodiesel in fuel dispensers throughout the commonwealth; field inspectors collect samples, which are processed in the department's laboratories. The Amusement Ride Division completes thousands of ride safety quality assurance inspections each year. The bureau is also responsible for the inspection and licensing of consumer fireworks establishments statewide.

The Bureau of Plant Industry protects consumers through sampling and testing of agronomic products such as fertilizer, lime and seeds. Professional laboratory staff ensure soil amendments, such as fertilizers, provide the nutrients they claim on the label; they ensure safety of animal feeds through product analysis and feed mill sampling. Seed analysts ensure minimum germination rates and minimum weed seed contaminants in seeds available for purchase.

The Bureau of Dog Law Enforcement is mandated to conduct no less than annual inspections of all licensed kennels in the commonwealth, investigate and prosecute dangerous dog incidents, investigate dog bites, enforce licensing and control of individual dogs, enforce rabies vaccination requirements for dogs and investigate and

Program: Protection and Development of Agricultural Industries (continued)

reimburse claims of livestock or poultry loss caused by dogs and coyotes. The bureau is charged with implementing Act 119 of 2008, which dramatically improved the conditions that dogs experience while in commercial kennels, including increased cage size, no wire flooring except in limited circumstances, mandatory exercise periods and treatment by trained veterinarians.

Program Element: Development and Promotion of Agricultural Industries

The Bureau of Market Development (BMD) promotes Pennsylvania agriculture industries in domestic and

international marketplaces. Staff focused on commodity promotions direct consumer market development and creating trade and consumer demands for Pennsylvania agriculture and food products through promotional programs such as Pennsylvania Preferred and supporting various Pennsylvania commodity boards. These promotional programs are designed to increase and enhance the awareness of consumers within and outside the borders of the commonwealth about the product and agribusiness opportunities offered in Pennsylvania.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND General Government Operations \$ -245 —reduction in administrative costs.</p> <p>Agricultural Excellence \$ -270 —program elimination.</p> <p>Agricultural Research \$ -787 —funding elimination.</p> <p>Agricultural Promotion, Education and Exports \$ -196 —funding elimination.</p> <p>Hardwoods Research and Promotion \$ -270 —funding elimination.</p> <p>Animal Health Commission \$ -229 —funding reduction.</p> <p>Transfer to State Farm Products Show Fund \$ -129 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>Payments to Pennsylvania Fairs \$ -971 —program to be funded from the Pennsylvania Race Horse Development Fund.</p> <p>Livestock Show \$ -160 —program elimination.</p>	<p>Open Dairy Show \$ -160 —program elimination.</p> <p>Youth Shows \$ -6 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>Food Marketing and Research \$ -494 —funding elimination.</p> <p>Transfer to the Nutrient Management Fund \$ -27 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>Transfer to the Conservation District Fund \$ -10 —nonrecurring projects.</p> <p>Transfer to Agricultural College Land Scrip Fund \$ -44,737 —program to be funded from the Pennsylvania Race Horse Development Fund.</p> <p>University of Pennsylvania - Veterinary Activities \$ -27,889 —program to be funded from the Pennsylvania Race Horse Development Fund.</p> <p>University of Pennsylvania - Center for Infectious Disease \$ -248 —program to be funded from the Pennsylvania Race Horse Development Fund.</p>
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The Farm Products Show Fund General Operations and Weights and Measures Administration appropriations are recommended at the current year funding levels.

Program: Protection and Development of Agricultural Industries (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 27,041	\$ 26,442	\$ 26,197	\$ 26,197	\$ 26,197	\$ 26,197	\$ 26,197
Agricultural Excellence	293	270	0	0	0	0	0
Agricultural Research	857	787	0	0	0	0	0
Agricultural Promotion, Education and Exports.....	214	196	0	0	0	0	0
Hardwoods Research and Promotion.....	294	270	0	0	0	0	0
Animal Health Commission	4,625	4,579	4,350	4,350	4,350	4,350	4,350
Animal Indemnities	5	0	0	0	0	0	0
Transfer to State Farm Products Show Fund.....	2,605	2,579	2,450	2,450	2,450	2,450	2,450
Payments to Pennsylvania Fairs	981	971	0	0	0	0	0
Livestock Show.....	174	160	0	0	0	0	0
Open Dairy Show	174	160	0	0	0	0	0
Youth Shows.....	128	127	121	121	121	121	121
Food Marketing and Research	539	494	0	0	0	0	0
Transfer to Nutrient Management Fund	2,741	2,741	2,714	2,714	2,714	2,714	2,714
Transfer to Conservation District Fund	1,039	1,029	1,019	1,019	1,019	1,019	1,019
Crop Insurance	499	0	0	0	0	0	0
Farm-School Nutrition.....	25	0	0	0	0	0	0
Transfer to Agricultural College Land Scrip Fund	0	44,737	0	0	0	0	0
University of Pennsylvania - Veterinary Activities.....	29,754	27,889	0	0	0	0	0
University of Pennsylvania - Center for Infectious Disease	248	248	0	0	0	0	0
TOTAL GENERAL FUND	\$ 72,236	\$ 113,679	\$ 36,851	\$ 36,851	\$ 36,851	\$ 36,851	\$ 36,851
FARM PRODUCTS SHOW FUND:							
General Operations (EA)	\$ 6,394	\$ 6,310	\$ 6,310	\$ 6,310	\$ 6,310	\$ 6,310	\$ 6,310
MOTOR LICENSE FUND:							
Weights & Measures Administration	\$ 3,975	\$ 4,328	\$ 4,328	\$ 4,328	\$ 4,328	\$ 4,328	\$ 4,328

PROGRAM OBJECTIVE: To prevent consumer fraud in the racing industry.

Program: Horse Racing Regulation

Activities in this program area include the development and implementation of rules, regulations and procedures to ensure the public and harness and horse owners of honest, safe and competitive pari-mutuel harness and horse racing.

Horse racing in Pennsylvania is governed by Act 93 of 1983. This act merged the State Harness Racing Fund and the State Horse Racing Fund into the Racing Fund, adjusted the tax schedule and revised the distribution of funds in order to assist the racing industry by increasing the funds retained by the tracks.

The Racing Fund pays all expenses of the State Racing Commissions. After these obligations have been met, percentages of the amount wagered as specified by law are credited to the Breeder's Fund and to the Sire Stakes Fund. Act 23 of 2000 amended the Race Horse Industry Reform Act to increase the percentage credited to the Breeder's Fund from 0.7 percent to 1.0 percent of the amount wagered on thoroughbred races. The Sire Stakes Fund is credited with 1.5 percent of wagers on harness

races. All remaining monies in the Racing Fund are then transferred to the General Fund in the subsequent fiscal year.

Act 71 of 2004 established the Race Horse Development Fund, which receives revenue generated by licensed gaming facilities. Proceeds are distributed to licensees conducting live horse racing. Track owners deposit 80 percent of the proceeds into a purse account. Thoroughbred tracks commit the remaining proceeds to the Breeder's Fund and a Horsemen's Organization Fund. Standardbred tracks commit proceeds to the Sire Stakes Fund, the PA Standardbred Fund and a Horsemen's Organizational Fund. Act 1 of 2010 provides for a transfer from the Race Horse Development Fund to the General Fund for fiscal years 2009-10, 2010-11, 2011-12 and 2012-13.

The Equine Toxicology and Research Laboratory tests for the presence of foreign substances in the blood and urine of race horses following all races to ensure that no foreign substances have been administered prior to a race.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

RACING FUND
Equine Toxicology and Research
Laboratory (EA)
 \$ 250 —to continue current program.

The State Racing Commissions (EA) and Pennsylvania Fairs - Administration (EA) are recommended at current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
RACING FUND:							
State Racing Commissions (EA)	\$ 13,197	\$ 14,054	\$ 14,054	\$ 14,054	\$ 14,054	\$ 14,054	\$ 14,054
Equine Toxicology and Research Laboratory (EA)	3,159	3,104	3,354	3,354	3,354	3,354	3,354
Pennsylvania Fairs - Administration (EA) ..	262	259	259	259	259	259	259
TOTAL RACING FUND	\$ 16,618	\$ 17,417	\$ 17,667	\$ 17,667	\$ 17,667	\$ 17,667	\$ 17,667

PROGRAM OBJECTIVE: To distribute surplus and donated food through institutions and counties or designated lead agencies to individuals and families who are dependent or disadvantaged to support minimum standards of living and economic independence.

Program: Emergency Food Assistance

The State Food Purchase Program (SFPP) provides cash grants to counties for the purchase and distribution of food to needy individuals. Funding is allocated to each of the commonwealth's 67 county lead agencies based on: unemployment eligibility for non-public assistance food stamps and medical assistance. County lead agencies are authorized to expend a percent of the grant for administrative costs.

Food acquired and donated by the USDA is distributed through the Emergency Food Assistance Program (TEFAP), which provides USDA commodities for household use, specifically for unemployed and low income individuals who meet established eligibility

criteria. TEFAP commodities are allocated to each of the commonwealth's 67 lead agencies based on the number of eligible participants. TEFAP administrative monies, provided by the USDA, are allocated based on each county's relative share of unemployment and poverty statistics.

The Farmers Market Nutrition Program (FMNP) provides eligible WIC and senior participants with vouchers to purchase fresh Pennsylvania grown produce at more than 1,500 farm stands and markets. The program is funded by a combination of state and federal funds. FMNP vouchers are allocated to each of the commonwealth's 67 counties based on the number of eligible participants.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

The State Food Purchase and Farmers' Market Food Coupons appropriations are recommended at current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Farmers' Market Food Coupons.....	\$ 2,100	\$ 2,079	\$ 2,079	\$ 2,079	\$ 2,079	\$ 2,079	\$ 2,079
State Food Purchase.....	17,852	17,338	17,338	17,338	17,338	17,338	17,338
TOTAL GENERAL FUND	\$ 19,952	\$ 19,417	\$ 19,417	\$ 19,417	\$ 19,417	\$ 19,417	\$ 19,417

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Protection and Development of Agricultural Industries							
Development of Pennsylvania's Agriculture Industry							
Dollar value of food and agricultural exports excluding hardwoods (in millions)	\$1,593	\$1,593	\$1,593	\$1,595	\$1,595	\$1,595	\$1,595
Dollar value of Pennsylvania hardwood exports (in millions)	\$1,095	\$1,000	\$1,100	\$1,200	\$1,300	\$1,400	\$1,400
Value of the loan portfolio for the PAgrows Program (in thousands)	\$27,588	\$28,140	\$28,702	\$29,276	\$30,000	\$30,000	\$30,000
Value of crop insurance protection policies (in millions)	\$446	\$491	\$540	\$594	\$653	\$719	\$791
Farm acreage preserved	15,225	17,500	15,500	15,500	2,400	2,400	2,400
Occupancy rate at the Pennsylvania Farm Show Complex and Expo Center	76.20%	77.50%	78%	79%	79%	80%	80%
Farms participating in dairy on-farm resource teams	295	340	380	420	460	500	540
Consumer Commodity Inspections							
Number of amusement rides inspected	8,341	8,500	8,500	8,500	8,500	8,500	8,500
Number of gasoline pumps certified	83,335	83,500	83,500	83,500	83,500	83,500	83,500
Number of food safety inspection reports available online	55,180	61,000	64,000	67,000	67,000	68,000	69,000
Nutrient Management							
Number of farm acres covered by approved Nutrient Management Plans (in thousands)	890	910	920	930	940	950	950
Nutrient management plans approved	373	400	400	400	400	400	400
Animal Health							
Animal health diagnostic tests performed at the Pennsylvania Veterinary Laboratory (in thousands)	356	340	340	340	340	340	340
Animal health inspections	5,853	5,750	5,750	5,750	5,750	5,750	5,750
Program: Horse Racing Regulation							
Participant licenses issued by the Pennsylvania Horse and Harness Racing Commissions	15,275	15,800	15,800	15,800	15,800	15,800	15,800
Investigations to ensure compliance with established rules and regulations: harness and horse racing	24,177	28,600	28,600	28,600	28,600	28,600	28,600
Licenses suspended for noncompliance of rules and regulations: harness and horse racing	480	730	730	730	730	730	730
Samples processed at the Equine Toxicology and Research Lab (in thousands)	55	55	55	60	60	60	60

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Emergency Food Assistance							
Improving Participant Access to Pennsylvania fruits and vegetables							
Dollar value of commodities distributed (in thousands)	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000	\$73,000
Persons receiving donated or surplus foods							
State Food Purchase Program: Individuals Served (in millions)	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Emergency Food Assistance Program: Individuals Served (in millions)	4.22	4.22	4.22	4.22	4.22	4.22	4.22
Percentage of farmers' market coupons redeemed							
Redemption Rate for WIC participants in the Farmers Market Nutrition program	57%	60%	60%	60%	60%	60%	60%
Redemption Rate for senior participants in the Farmers Market Nutrition Program	84%	90%	90%	90%	90%	90%	90%

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DEPARTMENT OF BANKING AND SECURITIES

The mission of the Department of Banking and Securities is to ensure the safety and soundness of state-chartered deposit-taking institutions and the securities industry; to ensure compliance with state laws and regulations; and to provide a regulatory environment that will facilitate development of a sound financial services industry that adequately meets the needs of industry and the public.

The department protects the public through the supervision, regulation and examination of records, accounts and policies of state-chartered financial institutions. In addition, the department protects Pennsylvania investors from fraudulent and abusive practices through regulation of the securities industry.

The 2012-13 budget proposes to merge the Securities Commission with the Banking Department to form the Department of Banking and Securities.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
<u>BANKING AND SECURITIES DEPARTMENT FUND:</u>			
<i>General Government:</i>			
General Government Operations.....	\$ 20,833	\$ 21,349	\$ 21,349
(A)Consumer Protection	0	0	7,721
Subtotal - State Funds.....	\$ 20,833	\$ 21,349	\$ 21,349
Subtotal - Augmentations.....	0	0	7,721
Total - General Government.....	<u>\$ 20,833</u>	<u>\$ 21,349</u>	<u>\$ 29,070</u>
STATE FUNDS.....	\$ 20,833	\$ 21,349	\$ 21,349
AUGMENTATIONS.....	0	0	7,721
BANKING AND SECURITIES DEPARTMENT FUND TOTAL.....	<u>\$ 20,833</u>	<u>\$ 21,349</u>	<u>\$ 29,070</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
FINANCIAL INSTITUTION AND SECURITIES INDUSTRY REGULATION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	20,833	21,349	21,349	21,349	21,349	21,349	21,349
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	7,721	7,721	7,721	7,721	7,721
SUBCATEGORY TOTAL.....	\$ 20,833	\$ 21,349	\$ 29,070	\$ 29,070	\$ 29,070	\$ 29,070	\$ 29,070
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	20,833	21,349	21,349	21,349	21,349	21,349	21,349
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	7,721	7,721	7,721	7,721	7,721
DEPARTMENT TOTAL.....	\$ 20,833	\$ 21,349	\$ 29,070	\$ 29,070	\$ 29,070	\$ 29,070	\$ 29,070

PROGRAM OBJECTIVE: To ensure the maintenance of an economically sound and competitive system of state-chartered financial institutions and to protect public investors involved in securities transactions.

Program: Financial Institution and Securities Industry Regulation

Program Element: Financial Institution Regulation

This program protects the public through the supervision, regulation and examination of the records, accounts and policies of state-chartered financial institutions. These entities include banking institutions, trust companies, savings banks and associations, credit unions, state-licensed sales finance companies, installment sellers, money transmitters, consumer discount companies, collector-repossessors, pawnbrokers, mortgage lenders, bankers, brokers and brokers' agents, check cashers, debt management companies and loan originators and correspondents. In addition to these activities, the department responded to approximately 5,100 consumer inquiries during 2010-11.

As of June 30, 2011, the department supervised 160 banking institutions: 52 commercial banks, 41 bank and trust companies, 48 savings banks, one private bank and 18 non-depository trust companies. In addition, as of June 30, 2011, the department supervised 63 credit unions and four savings associations.

The department renews non-depository institution licenses annually and issues new licenses upon review and approval of license applications. The 14,541 non-depository entities at the end of June 2011 included: 6,984

loan originators; 2,918 installment sellers; 1,827 mortgage lenders, brokers and discount companies; 844 sales finance companies; and 48 consumer discount companies. The remaining 1,893 licenses were held by pawnbrokers, money transmitters, check cashers, loan correspondents, collector-repossessors and debt management companies.

Program Element: Securities Industry Regulation

This program protects the investing public from fraudulent and unfair practices in the securities industry through the registration and regulation of salespersons and companies dealing in securities. It also issues cease and desist orders to persons and corporations attempting to sell securities without approval, as well as pursuing prosecution of violators of the Pennsylvania Securities Act.

The department works with other state, federal and independent regulatory agencies and the various stock exchanges to develop uniform filing requirements to eliminate duplicative state and federal examination and registration requirements. Fees collected from the securities industry support compliance and enforcement activities, as well as a portion of ongoing operations of the department.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

BANKING AND SECURITIES DEPARTMENT FUND

This budget recommends \$7,721,000 in augmentations to provide for securities industry regulation.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
BANKING AND SECURITIES DEPARTMENT FUND:							
General Government Operations	\$ 20,833	\$ 21,349	\$ 21,349	\$ 21,349	\$ 21,349	\$ 21,349	\$ 21,349

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Financial Institution Regulation							
Average years of regulatory experience for depository examiners	9	10	10	10	10	10	10
Percentage of depository examiners with the highest certification available for their level of experience	90%	90%	90%	90%	90%	90%	90%
Number of inquiries and complaints received	5,141	5,000	5,000	5,000	5,000	5,000	5,000
Average days for turnaround of Department of Banking and Securities institution examinations	30	30	30	30	30	30	30
Average turnaround time for Department of Banking and Securities and federal joint examinations	61	40	40	40	40	40	40
Number of Non-Depository Examinations	906	900	900	900	900	900	900
Percentage increase in the ratio of violations resulting in revocation or suspension of licenses and individual prohibition orders to total cited violations	10%	10%	10%	10%	10%	10%	10%
Percentage of consumer complaints resulting in refunds paid to consumers and/or orders to be filed as restitution	10%	10%	10%	10%	10%	10%	10%
Program: Securities Industry Regulation							
Securities filings received	5,012	5,100	5,100	5,100	5,100	5,100	5,100
Securities filings cleared	4,839	5,000	5,000	5,000	5,000	5,000	5,000
Securities cleared for sale (in billions)	\$260,165	\$260,500	\$260,500	\$260,500	\$260,500	\$260,500	\$260,500
Broker-dealers registered	2,313	2,430	2,550	2,675	2,800	2,940	3,075
Agents registered	174,548	183,275	192,430	202,050	212,150	222,750	233,890
Investment advisers registered	2,775	2,860	2,950	3,040	3,130	3,225	3,325
Investment adviser representatives registered	14,453	15,175	16,000	16,800	17,640	18,520	19,450
Formal investigations conducted	100	102	104	106	108	110	112
Compliance examinations conducted	77	80	85	90	95	100	105
Enforcement/compliance actions	80	85	90	95	100	105	110



CIVIL SERVICE COMMISSION

The mission of the Civil Service Commission is to provide greater efficiency and economy in the government of the commonwealth by establishing conditions of employment that will attract to the service of the commonwealth qualified persons of character and ability and appointing and promoting all persons on the basis of merit and fitness.

The Civil Service Commission administers the commonwealth's merit system. The responsibilities of the commission include recruitment of qualified candidates; evaluation of applicants' education and experience to determine if minimum requirements have been met; development and administration of examinations; and certification of eligible candidates to the appointing agencies.

This budget assumes the pursuit of merit system modernization and reform to provide greater quality, efficiency and effectiveness of state government.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 1	\$ 1	\$ 1
(A) Fees From Agencies.....	13,941	13,418	12,747
(A) Special Merit System Services.....	890	856	813
Subtotal - State Funds.....	\$ 1	\$ 1	\$ 1
Subtotal - Augmentations.....	14,831	14,274	13,560
Total - General Government.....	<u>\$ 14,832</u>	<u>\$ 14,275</u>	<u>\$ 13,561</u>
STATE FUNDS.....	\$ 1	\$ 1	\$ 1
AUGMENTATIONS.....	14,831	14,274	13,560
GENERAL FUND TOTAL.....	<u>\$ 14,832</u>	<u>\$ 14,275</u>	<u>\$ 13,561</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
PERSONNEL SELECTION							
GENERAL FUND.....	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	14,831	14,274	13,560	13,560	13,560	13,560	13,560
SUBCATEGORY TOTAL.....	\$ 14,832	\$ 14,275	\$ 13,561	\$ 13,561	\$ 13,561	\$ 13,561	\$ 13,561
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	14,831	14,274	13,560	13,560	13,560	13,560	13,560
DEPARTMENT TOTAL.....	\$ 14,832	\$ 14,275	\$ 13,561	\$ 13,561	\$ 13,561	\$ 13,561	\$ 13,561

PROGRAM OBJECTIVE: To provide a sufficient number of qualified, available persons to meet agency merit system staffing needs.

Program: Personnel Selection

Through this program, the Civil Service Commission provides qualified persons to meet merit system staffing needs.

The commission ensures the commonwealth's merit system is in full compliance with all state laws and regulations concerning employee selection procedures and the Federal Uniform Guidelines on Employee Selection Procedures. This includes job analysis and implementation of a program to identify and correct adverse impacts of examinations on protected groups.

Goals of the commission include development of valid examinations, identification and elimination of discrimination in merit-system-covered human resource systems, increased efficiency in meeting personnel needs of state and local client agencies, and prompt and accurate

resolution or adjudication of complaints, grievances and appeals.

In recent years, the commission has increased operating efficiency with the implementation of computerized application, applicant self-scheduling, examination and imaging and workflow systems. These improvements have reduced the time required to apply for and take an exam, receive an examination score, and be placed on a candidate eligibility listing. These enhancements have increased the commission's ability to provide real-time candidate eligibility listings to client agencies seeking to fill vacancies.

The majority of funds supporting this program are received from billing state and local client agencies.

Program Recommendations:

This budget recommends the following changes in augmentations received from agency billings: (Dollar Amounts in Thousands)

GENERAL FUND
General Government Operations
 \$ -714 —reduction in administrative costs.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1	\$ 1

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Personnel Selection							
Total eligibles on list	158,468	159,000	159,000	159,000	159,000	159,000	159,000
Persons scheduled for exams	121,300	121,000	121,000	121,000	121,000	121,000	121,000
Persons taking computerized exams	64,615	65,000	65,000	65,000	65,000	65,000	65,000
Certifications audited of eligible individuals for civil service positions	11,537	12,000	12,000	12,000	12,000	12,000	12,000
Appeal requests received and processed	405	405	405	405	405	405	405
Annual cost of merit system per covered employee	\$194	\$192	\$190	\$190	\$190	\$190	\$190

* It is anticipated these measures will change as a result of merit system reform.



DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT

The mission of the Department of Community and Economic Development is to foster opportunities for businesses and communities to succeed and thrive in a global economy, thereby enabling Pennsylvanians to achieve a superior quality of life.

The Department of Community and Economic Development administers programs that recognize that community development and economic development are linked. This includes expanding and providing for more efficient delivery of local services; coordinating community and economic development resources to restore and maintain the vitality of our communities; advancing the economic well-being of communities through the maximization of community and economic development resources; and promoting housing and community revitalization in conjunction with economic development activities.

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Community and Economic Development

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 15,929 a	\$ 13,316	\$ 15,816
(F)ARC - Technical Assistance.....	192	200	200
(F)DOE - Weatherization Administration.....	812	812	1,258
(F)ARRA - DOE Weatherization Administration.....	6,400	3,500	0
(F)SCDBG - Administration.....	1,536	1,536	1,536
(F)SCDBG - Neighborhood Stabilization Administration.....	1,884	1,050	1,050
(F)CSBG - Administration.....	1,507	1,507	1,507
(F)LIHEABG - Administration.....	535	535	1,000
(F)ARRA - Homelessness Prevention Administration.....	662	670	100
(F)ARRA - SCDBG Administration.....	150	155	50
(F)State Small Business Credit Initiative Administration.....	0	487	487
(F)Americorps Training and Technical Assistance.....	128	128	128
(F)EMG Solutions Administration.....	0	0	250
(F)ARRA - Broadband Technology Opportunity Administration (EA).....	325	88	88
(F)ARRA - Broadband Technology Opportunities (EA).....	0	1,860	1,860
(A)Pennsylvania Industrial Development Authority.....	811	889	926
(A)Pennsylvania Economic Development Financing Authority.....	413	460	473
(A)Environmental Training Partnership.....	418	775	775
(A)Local Area Transportation.....	252	205	205
(A)State Planning Board Expense.....	5	315	114
(A)Community Development Bank.....	72	67	71
(A)Commonwealth Financing Authority.....	2,256	2,448	2,533
(A)Local Match.....	0	28	0
(A)Transfer Between Governments.....	0	39	0
(R)Small Business Advocate - Utilities.....	1,061	1,092	1,092
Office of Open Records.....	1,163	1,174	1,174
World Trade PA.....	6,275	6,125	6,143
(F)SBA State Trade and Export Promotion (STEP).....	0	1,730	1,730
(F)Mining Equipment Export Expansion Initiative.....	0	500	80
(F)EDA - Expanding Exports.....	0	1,500	150
Marketing to Attract Tourists.....	10,406 b	4,000	3,010
(F)WIA - PA Workforce Development Awareness (EA).....	250	0	0
(A)Reimbursement for Travel Advertisements.....	310	310	310
Marketing to Attract Business.....	753	990	941
Business Retention and Expansion.....	691	0	0
PennPORTS.....	4,713 c	3,699	3,699
(F)Erie Port Risk Management Plan (EA).....	50	0	0
PennPORTS-Philadelphia Regional Port Authority Debt Service.....	4,606	4,558	4,604
Subtotal - State Funds.....	\$ 44,536	\$ 33,862	\$ 35,387
Subtotal - Federal Funds.....	14,431	16,258	11,474
Subtotal - Augmentations.....	4,537	5,536	5,407
Subtotal - Restricted Revenues.....	1,061	1,092	1,092
Total - General Government.....	\$ 64,565	\$ 56,748	\$ 53,360
Grants and Subsidies:			
Transfer to Municipalities Financial Recovery Revolving Fund.....	\$ 934	\$ 925	\$ 2,600
Transfer to Ben Franklin Tech. Development Authority Fund.....	16,861	14,500	14,500
Transfer to Commonwealth Financing Authority.....	78,480	82,019	82,019
Intergovernmental Cooperation Authority-2nd Class Cities.....	467	428	328
Pennsylvania First.....	40,576 d	25,000	22,500
Housing & Redevelopment Assistance.....	17,513	0	0
(F)DOE - Weatherization.....	24,590	24,590	20,000
(F)ARRA - DOE Weatherization.....	120,000	17,000	0
(F)Emergency Shelter for the Homeless.....	75	75	75
(F)LIHEABG - Weatherization Program.....	30,000	30,000	25,000
(F)SCDBG - HUD Disaster Recovery.....	2,000	2,000	2,000
(F)ARRA - Homelessness Prevention - Legal Services.....	586	0	0
(F)SCDBG - Neighborhood Stabilization Program.....	3,350	11,000	24,000
(F)Assets for Independence.....	1,000	1,000	1,000

Community and Economic Development

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
(F)Centralia Recovery (EA).....	378	150	150
PHFA - Homeowners Emergency Mortgage Assistance.....	10,476	2,000	0
Municipal Assistance Program.....	522 e	676	642
(F)FEMA Technical Assistance.....	200	200	200
(F)FEMA - Mapping.....	250	250	250
Local Government Resources and Development.....	1,305	0	0
Keystone Communities.....	9,802 f	12,000	10,800
(F)ESG Program.....	0	0	3,200
(F)EMG Solutions Program.....	0	0	10,000
Appalachian Regional Commission.....	801	989	1,003
Partnerships for Regional Economic Performance.....	15,258 g	11,880	11,880
(F)State Small Business Credit Initiative.....	0	14,621	13,646
Discovered in PA, Developed in PA.....	0	9,900	9,900
Community Action Team (CAT).....	289	0	0
Tourism - Accredited Zoos.....	490	450	0
Urban Development.....	3,415	0	0
Community and Business Assistance.....	373	0	0
Economic Growth & Development Assistance.....	1,250	0	0
Community & Municipal Facilities Assistance.....	735	0	0
Rural Leadership Training.....	178	0	0
Community Conservation and Employment.....	21,434	0	0
(F)Community Services Block Grant.....	29,500	29,500	29,500
(F)ARRA - Community Services Block Grant Program (EA).....	10,316	0	0
Infrastructure Technical Assistance.....	785	0	0
Fay Penn.....	257	0	0
Early Intervention for Distressed Municipalities.....	692	685	785
Agile Manufacturing.....	257	0	0
Powdered Metals.....	196	100	0
Regional Development Initiative.....	2,943	0	0
Infrastructure and Facilities Improvement Grants.....	23,407	19,409	19,409
Digital & Robotic Technology.....	192	0	0
Cultural Activities.....	2,354	0	0
Cultural Preservation.....	2,714	0	0
Community and Regional Development.....	4,040	0	0
Subtotal - State Funds.....	\$ 258,996	\$ 180,961	\$ 176,366
Subtotal - Federal Funds.....	222,245	130,386	129,021
Total - Grants and Subsidies.....	<u>\$ 481,241</u>	<u>\$ 311,347</u>	<u>\$ 305,387</u>
STATE FUNDS.....	\$ 303,532	\$ 214,823	\$ 211,753
FEDERAL FUNDS.....	236,676	146,644	140,495
AUGMENTATIONS.....	4,537	5,536	5,407
RESTRICTED REVENUES.....	1,061	1,092	1,092
GENERAL FUND TOTAL.....	<u>\$ 545,806</u>	<u>\$ 368,095</u>	<u>\$ 358,747</u>
TOBACCO SETTLEMENT FUND:			
<i>General Government:</i>			
Tobacco Settlement Investment Board.....	\$ 0	\$ 350	\$ 361
<i>Grants and Subsidies:</i>			
Life Sciences Greenhouses.....	\$ 3,000	\$ 3,000	\$ 3,000
TOBACCO SETTLEMENT FUND TOTAL.....	<u>\$ 3,000</u>	<u>\$ 3,350</u>	<u>\$ 3,361</u>

Community and Economic Development

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
OTHER FUNDS:			
GENERAL FUND:			
Industrial Sites Environmental Assessment Fund.....	\$ 442	\$ 493	\$ 493
Industrialized Housing.....	385	397	405
GENERAL FUND TOTAL.....	\$ 827	\$ 890	\$ 898
BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY FUND:			
Ben Franklin Technology.....	\$ 37,470	\$ 34,519	\$ 23,000
Telecommunications Infrastructure (F).....	2,000	2,000	0
BEN FRANKLIN TECHNOLOGY DEVELOPMENT AUTHORITY FUND TOTAL.....	\$ 39,470	\$ 36,519	\$ 23,000
BROADBAND OUTREACH AND AGGREGATION FUND:			
Broadband Outreach Administration (EA).....	\$ 54	\$ 54	\$ 15
Broadband Outreach Grants (EA).....	1,746	1,746	485
BROADBAND OUTREACH AND AGGREGATION FUND TOTAL.....	\$ 1,800	\$ 1,800	\$ 500
HOME INVESTMENT TRUST FUND:			
HOME Investment Partnership.....	\$ 1,170	\$ 1,170	\$ 1,170
INDUSTRIAL SITES CLEANUP FUND:			
Industrial Sites Cleanup - Administration (EA).....	\$ 300	\$ 313	\$ 313
Industrial Sites Cleanup - Projects (EA).....	3,000	2,500	5,000
INDUSTRIAL SITES CLEANUP FUND TOTAL.....	\$ 3,300	\$ 2,813	\$ 5,313
LOCAL GOVERNMENT CAPITAL PROJECT LOAN FUND:			
Local Government Capital Project Loans (EA).....	\$ 1,000	\$ 1,000	\$ 1,000
MACHINERY AND EQUIPMENT LOAN FUND:			
General Operations (EA).....	\$ 647	\$ 676	\$ 676
Machinery and Equipment Loans (EA).....	40,000	28,000	25,000
MACHINERY AND EQUIPMENT LOAN FUND TOTAL.....	\$ 40,647	\$ 28,676	\$ 25,676
MINORITY BUSINESS DEVELOPMENT FUND:			
General Operations (EA).....	\$ 250	\$ 271	\$ 271
Minority Business Development Loans (EA).....	2,500	1,500	1,000
MINORITY BUSINESS DEVELOPMENT FUND TOTAL.....	\$ 2,750	\$ 1,771	\$ 1,271
MUNICIPALITIES FINANCIAL RECOVERY REVOLVING AID FUND:			
Distressed Community Assistance (EA).....	\$ 3,440	\$ 3,440	\$ 3,200
SMALL BUSINESS FIRST FUND:			
Administration (EA).....	\$ 1,727	\$ 1,806	\$ 1,806
Loans (EA).....	28,000	20,000	19,000
Pollution Prevention Loans (EA).....	1,500	1,500	1,500
EDA - Loans (EA).....	3,000	3,000	3,000
Community Economic Development Loans (EA).....	5,000	3,000	3,000
SMALL BUSINESS FIRST FUND TOTAL.....	\$ 39,227	\$ 29,306	\$ 28,306
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Underground Storage Tank Administration (EA).....	\$ 24	\$ 24	\$ 24
Upgrade Loans (EA).....	1,000	1,000	0
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL.....	\$ 1,024	\$ 1,024	\$ 24
WORKMEN'S COMPENSATION ADMINISTRATION FUND:			
Small Business Advocate - Workers' Compensation (R).....	\$ 190	\$ 194	\$ 194

Community and Economic Development

Summary by Fund and Appropriation

DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 303,532	\$ 214,823	\$ 211,753
SPECIAL FUNDS.....	3,000	3,350	3,361
FEDERAL FUNDS.....	236,676	146,644	140,495
AUGMENTATIONS.....	4,537	5,536	5,407
RESTRICTED.....	1,061	1,092	1,092
OTHER FUNDS.....	134,845	108,603	90,552
TOTAL ALL FUNDS.....	\$ 683,651	\$ 480,048	\$ 452,660

^a Appropriated as \$15,578,000 for General Government Operations and \$351,000 for Land Use Planning and Technical Assistance.

^b Appropriated as \$5,005,000 for Marketing to Attract Tourists and \$5,401,000 for Tourist Promotion Assistance.

^c Appropriated as \$372,000 for PennPORTS Operations, \$724,000 for PennPORTS – Port of Pittsburgh, \$836,000 for PennPORTS – Port of Erie, \$2,455,000 for PennPORTS – Philadelphia Regional Port Authority Operations, \$93,000 for PennPORTS – Navigational System, and \$233,000 for Goods Movement and Intermodal Coordination.

^d Appropriated as \$17,489,000 for Opportunity Grant Program, \$8,493,000 for Customized Job Training, and \$14,594,000 for Infrastructure Development.

^e Appropriated as \$467,000 for Shared Municipal Services and \$55,000 for Flood Plain Management.

^f Appropriated as \$1,038,000 for Accessible Housing and \$8,764,000 for New Communities.

^g Appropriated as \$1,699,000 for Industrial Development Assistance, \$2,881,000 for Local Development Districts, \$3,924,000 for Small Business Development Centers, and \$6,754,000 for Industrial Resource Centers.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
PA JOB CREATION, BUSINESS GROWTH AND ATTRACTION							
GENERAL FUND.....	\$ 182,367	\$ 153,788	\$ 153,739	\$ 173,382	\$ 173,366	\$ 173,379	\$ 173,367
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	14,717	27,149	23,160	23,160	23,160	23,160	23,160
OTHER FUNDS.....	92,868	70,595	67,466	67,466	67,466	67,466	67,466
SUBCATEGORY TOTAL.....	\$ 289,952	\$ 251,532	\$ 244,365	\$ 264,008	\$ 263,992	\$ 264,005	\$ 263,993
PA INNOVATION ECONOMY							
GENERAL FUND.....	\$ 17,506	\$ 24,500	\$ 24,400	\$ 24,400	\$ 24,400	\$ 24,400	\$ 24,400
SPECIAL FUNDS.....	3,000	3,350	3,361	3,361	3,361	3,361	3,361
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	41,270	38,319	23,500	23,500	23,500	23,500	23,500
SUBCATEGORY TOTAL.....	\$ 61,776	\$ 66,169	\$ 51,261	\$ 51,261	\$ 51,261	\$ 51,261	\$ 51,261
PA WORLDWIDE							
GENERAL FUND.....	\$ 6,275	\$ 6,125	\$ 6,143	\$ 6,143	\$ 6,143	\$ 6,143	\$ 6,143
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	3,730	1,960	1,960	1,960	1,960	1,960
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 6,275	\$ 9,855	\$ 8,103	\$ 8,103	\$ 8,103	\$ 8,103	\$ 8,103
PA ASSETS							
GENERAL FUND.....	\$ 20,215	\$ 12,707	\$ 11,313	\$ 11,313	\$ 11,313	\$ 11,313	\$ 11,313
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	300	0	0	0	0	0	0
OTHER FUNDS.....	310	310	310	310	310	310	310
SUBCATEGORY TOTAL.....	\$ 20,825	\$ 13,017	\$ 11,623	\$ 11,623	\$ 11,623	\$ 11,623	\$ 11,623
PA COMMUNITIES							
GENERAL FUND.....	\$ 77,169	\$ 17,703	\$ 16,158	\$ 16,158	\$ 16,158	\$ 16,158	\$ 16,158
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	221,659	115,765	115,375	115,375	115,375	115,375	115,375
OTHER FUNDS.....	5,995	6,007	5,775	5,775	5,775	5,775	5,775
SUBCATEGORY TOTAL.....	\$ 304,823	\$ 139,475	\$ 137,308	\$ 137,308	\$ 137,308	\$ 137,308	\$ 137,308
ALL PROGRAMS:							
GENERAL FUND.....	\$ 303,532	\$ 214,823	\$ 211,753	\$ 231,396	\$ 231,380	\$ 231,393	\$ 231,381
SPECIAL FUNDS.....	3,000	3,350	3,361	3,361	3,361	3,361	3,361
FEDERAL FUNDS.....	236,676	146,644	140,495	140,495	140,495	140,495	140,495
OTHER FUNDS.....	140,443	115,231	97,051	97,051	97,051	97,051	97,051
DEPARTMENT TOTAL.....	\$ 683,651	\$ 480,048	\$ 452,660	\$ 472,303	\$ 472,287	\$ 472,300	\$ 472,288

PROGRAM OBJECTIVE: To support and promote initiatives that create jobs in the commonwealth; to ensure that capital for the creation, location, retention and expansion of private business is available at each step of the business life cycle; and to make possible lower capital costs to attract businesses to invest in Pennsylvania. Specifically, the program aims to integrate and streamline delivery of financial and technical business assistance; focus on statewide, comprehensive infrastructure development; maximize performance of Pennsylvania's economic development service provider network; formulate policies and strategies targeted to small and high-growth businesses; develop a comprehensive strategy to market Pennsylvania as an ideal location for starting and growing a business; leverage Pennsylvania's tax credit programs to grow related industries; and capture up-stream, mid-stream and down-stream shale gas development opportunities.

Program: PA Job Creation, Business Growth and Attraction

Program Element: PA First

PA First is a comprehensive "closing fund" that offers grants for job creation and retention, infrastructure projects and workforce development. It replaced the Opportunity Grant, Customized Job Training, and Infrastructure Development programs, shedding the restrictions and fund limitations attending these programs. PA First provides the flexibility necessary for the commonwealth to rapidly respond to companies' needs, thus facilitating increased investment in the state and enabling Pennsylvania to compete more effectively with neighboring and competitor states.

PA First leverages private dollars, stimulates job creation, encourages development of critical infrastructure and advances workforce development efforts. It will secure job creation and economic development opportunities through the preservation and expansion of existing industries and the attraction of additional economic development prospects to the commonwealth. Eligible uses for the grant funding may include customized or advanced training for new, entry-level, or existing employees; infrastructure improvements necessary to facilitate planned industrial investment by private companies, to restore blighted land to productive use and to develop the restored land, or to develop local infrastructure at business sites; land and building acquisition and/or improvement costs; machinery and equipment purchase; working capital; and environmental assessment and remediation.

The Department of Community and Economic Development (DCED) monitors PA First projects for compliance with the commitments made by the grantee upon receipt of the funds. If the grantee does not meet its commitments and cannot provide an acceptable reason for its failure to do so, DCED may require repayment of some or all of the grant funds.

Program Element: Partnerships for Regional Economic Performance (PREP)

Historically, Pennsylvania's economic development efforts have been supported by a number of core service providers, including Industrial Resource Centers, Industrial Development Organizations, Local Development Districts and Small Business Development Centers. PREP is designed to integrate these networks by encouraging regional coordination of economic development efforts, which yields superior customer service to the business community and a comprehensive, efficient, statewide economic development delivery strategy.

PREP provides grants to consortia of economic development service providers that may co-locate, develop formal partnership agreements, or otherwise create a coordinated and performance-based service delivery system that ensures each inquiry or lead from a business or potential entrepreneur is referred to, and acted upon expeditiously by, the appropriate service provider(s) in the region.

Funding is provided to regional networks to serve current and potential businesses in good standing across the commonwealth. PREP partner organizations deliver a wide array of coordinated business development services designed to encourage the creation of new businesses and to increase and strengthen the capacity of all Pennsylvania businesses to compete successfully in the global economy.

Program Element: Marketing to Attract Business

Pennsylvania's key strengths – location, infrastructure, skilled workforce, and education network – must be regularly and effectively communicated to the national and global business community. Marketing to Attract Business funds efforts to increase domestic and foreign investment in Pennsylvania through targeted marketing and advertising. These efforts include public relations,

Community and Economic Development

Program: PA Job Creation, Business Growth and Attraction (continued)

creative and print collateral (including an innovative electronic magazine – Keystone Edge), trade missions and targeted marketing events.

The cornerstone of all marketing efforts is NewPA.com, DCED's resource-rich website that highlights Pennsylvania's business success stories; helps businesses and organizations better understand the commonwealth's competitive business climate and available state support; and connects to key websites such as PASiteSearch.com. NewPA.com also offers abundant resources for communities and local governments.

Program Element: Infrastructure and Facilities Improvement Program (IFIP)

The Infrastructure and Facilities Improvement Program (IFIP), established by Act 23 of 2004, awards multi-year grants to debt-issuing authorities toward the payment of debt service and related costs for economic development

projects. Grant awards are calculated based on the expected sales tax, hotel occupancy tax or personal income tax to be generated by the project.

Unlike local tax increment financing projects, where incremental tax revenues generated by a project are collected and deposited into a debt service reserve fund for the payment of debt, under IFIP, annual grants are awarded based on the incremental amount of state personal income tax, sales tax and hotel occupancy tax generated by the project.

Program Element: Liberty Financing Authority

The Liberty Financing Authority will be a newly established authority, which will serve as a one-stop-shop for job creators seeking resources to grow their businesses and will provide flexibility in financing tools necessary to respond to an ever-changing economy.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND			Marketing to Attract Business		
\$	-200	—nonrecurring 2011-12 budgetary freeze amount.	\$	-49	—reduction in administrative costs.
	492	—Initiative—Streamlining Government. To consolidate work processes and support functions transferred from the Public Employee Retirement Commission in the Executive Offices.	\$	-2,500	Pennsylvania First —nonrecurring 2011-12 budgetary freeze amount.
	871	—Initiative—Streamlining Government. To consolidate work processes and support functions transferred from the Tax Equalization Board.			
	1,337	—to continue current program.			
\$	2,500	<i>Appropriation Increase</i>			

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 15,929	\$ 13,316	\$ 15,816	\$ 15,816	\$ 15,816	\$ 15,816	\$ 15,816
Office of Open Records	1,163	1,174	1,174	1,174	1,174	1,174	1,174
Marketing to Attract Business	753	990	941	941	941	941	941
Business Retention and Expansion	691	0	0	0	0	0	0
Transfer to Commonwealth Financing Authority	78,480	82,019	82,019	101,662	101,646	101,659	101,647
Pennsylvania First	40,576	25,000	22,500	22,500	22,500	22,500	22,500
Partnerships for Regional Economic Performance	15,258	11,880	11,880	11,880	11,880	11,880	11,880
Infrastructure Technical Assistance	785	0	0	0	0	0	0
Fay Penn	257	0	0	0	0	0	0

Community and Economic Development

Program: PA Job Creation, Business Growth and Attraction (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND: (continued)							
Infrastructure and Facilities Improvement							
Grants	\$ 23,407	\$ 19,409	\$ 19,409	\$ 19,409	\$ 19,409	\$ 19,409	\$ 19,409
Cultural Activities	2,354	0	0	0	0	0	0
Cultural Preservation	2,714	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 182,367	\$ 153,788	\$ 153,739	\$ 173,382	\$ 173,366	\$ 173,379	\$ 173,367

PROGRAM OBJECTIVE: To catalyze growth and competitiveness for Pennsylvania companies and universities by growing venture capital investments to support early stage and emerging technology firms; accelerating technology transfer to commercialize new products and services; and revitalizing Pennsylvania's manufacturing economy.

Program: PA Innovation Economy

Program Element: Discovered in PA, Developed in PA (D2PA)

The Discovered in PA, Developed in PA (D2PA) program was established to build capacity to better support Pennsylvania businesses and to spur creativity and innovation in the provision of economic development services, from business incubating, to mentoring, to marketing and beyond. D2PA funds are used to accomplish the following:

- Promote entrepreneurship – ongoing or innovative new activities, programs, or events to promote entrepreneurship;
- Encourage technology transfer – ongoing or innovative new activities, programs, or events to encourage and increase technology transfer, commercialization of intellectual property, and new product development by Pennsylvania entrepreneurs, businesses, research institutions, and colleges and universities;
- Build capacity for regional economic development – ongoing or innovative new activities, programs, or events to improve the capacity of economic development organizations to provide the business community with the highest quality and broadest range of services possible;
- Proactively reach out to businesses – ongoing or innovative new activities, programs, or events that proactively seek to identify the needs of businesses or that educate businesses about resources available to help them prosper.

Program Element: The Ben Franklin Technology Development Authority (BFTDA)

For a decade, The Ben Franklin Technology Development Authority (BFTDA), established by Act 38 of 2001, has ensured that Pennsylvania companies and entrepreneurs have the necessary tools to build their businesses. The BFTDA has promoted advanced technology in traditional and emerging industries, as well as small business, through a series of programs that are flexible and dynamic and are built to proactively meet changes in markets and key industry sectors. These initiatives are also tailored to

meet companies' needs throughout the business lifecycle, providing support and making services available at each step of the process.

Since 2003, the BFTDA has aided in the creation of more than 1,000 new companies and 20,000 new jobs, and provided funding and technical assistance to more than 26,000 businesses. The BFTDA also provides vehicles for investment for university-based and entrepreneurial innovation through the following programs:

- Ben Franklin Technology Partners, which are strategically located throughout the commonwealth to bring together the best of the state's people, ideas and technology.
- Venture Investment, which provides risk capital to venture partnerships that invest in Pennsylvania companies.
- Technology Development Grants, which help position consortia of Pennsylvania companies at the cutting edge of emerging technologies.
- University Research Commercialization Grants, which promote stronger synergy between university-based research and development and technology transfer for economic and workforce development.

Program Element: The Pennsylvania Life Sciences Greenhouse Initiative (LSG)

To ensure continued growth and leadership in life sciences, The Pennsylvania Life Sciences Greenhouse Initiative (LSG) supports early-stage risk capital and serves as a catalyst for development and creation of new life-science-related products and companies. Three regionally based organizations in Central PA, Pittsburgh and Philadelphia aggressively focus on increasing formation and growth of life sciences companies in the commonwealth.

Over the course of the past decade, the LSG Initiative has established a national reputation and is cited by the Battelle Technology Partnership as one of only two university/industry funding programs in the U.S to focus solely on life sciences. The initiative has quickly become a national model for state funding of early stage risk capital in life sciences.

Community and Economic Development

Program: PA Innovation Economy (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND			TOBACCO SETTLEMENT FUND
	Powdered Metals			Tobacco Settlement Investment Board
\$ -100	—funding elimination.		\$ 11	—to continue current program.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Transfer to Ben Franklin Technology Development Authority Fund	\$ 16,861	\$ 14,500	\$ 14,500	\$ 14,500	\$ 14,500	\$ 14,500	\$ 14,500
Discovered in PA, Developed in PA.....	0	9,900	9,900	9,900	9,900	9,900	9,900
Agile Manufacturing.....	257	0	0	0	0	0	0
Powdered Metals.....	196	100	0	0	0	0	0
Digital & Robotic Technology.....	192	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 17,506	\$ 24,500	\$ 24,400	\$ 24,400	\$ 24,400	\$ 24,400	\$ 24,400
TOBACCO SETTLEMENT FUND:							
Tobacco Settlement Investment Board.....	\$ 0	\$ 350	\$ 361	\$ 361	\$ 361	\$ 361	\$ 361
Life Sciences Greenhouses.....	3,000	3,000	3,000	3,000	3,000	3,000	3,000
TOTAL TOBACCO SETTLEMENT FUND	\$ 3,000	\$ 3,350	\$ 3,361	\$ 3,361	\$ 3,361	\$ 3,361	\$ 3,361

Community and Economic Development

PROGRAM OBJECTIVE: To contribute to the growth and strength of the commonwealth's economy by attracting foreign direct capital investments to Pennsylvania and providing value-added business development services to Pennsylvania companies to facilitate increased exports from the commonwealth.

Program: PA Worldwide

Program Element: World Trade PA

In today's increasingly complex global economy, international trade is not simply a trend, but a competitive necessity. The World Trade PA program works to promote Pennsylvania exports in key international markets and to attract foreign investments into Pennsylvania by ensuring that international companies are adequately informed and familiar with Pennsylvania's strengths – leading research institutions; manufacturing, energy and life science industries; competitive business environment; and a skilled workforce. To date, World Trade PA has realized an economic impact of more than \$3 billion, creating/retaining more than 36,000 jobs and resulting in \$224 million in total tax impact for the state.

To build on World Trade PA's success, DCED will improve the existing performance-based compensation system for its international contractors and regional partners; develop sector-specific, fee-based initiatives such

as the PA Mining Equipment Export Initiative (PAMEX); and enhance private sector participation in the World Trade PA program. To accomplish this last goal, DCED will increase existing sponsorship opportunities and create an international business advisory board in partnership with the Team PA Foundation, and will develop stronger working relationships with member-based business organizations such as the Pennsylvania Chamber, the Pittsburgh Technology Council and others. By increasing export capacity and establishing new connections between Pennsylvania companies, universities, and partners worldwide, Pennsylvania businesses will continue to become more competitive in the global marketplace. At the same time, Pennsylvania communities will become increasingly successful in competing for international investment projects that support existing and new jobs across the commonwealth.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
World Trade PA
 \$ 18 —to continue current program.

Appropriations within this Program:

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
World Trade PA.....	\$ 6,275	\$ 6,125	\$ 6,143	\$ 6,143	\$ 6,143	\$ 6,143	\$ 6,143

PROGRAM OBJECTIVE: To improve the productivity and efficiency of the commonwealth's ports; to ensure economic competitiveness and job creation; to increase domestic and international leisure travel to the commonwealth in order to grow the tourism industry's economic impact and position Pennsylvania as a top tourism destination for both domestic and international visitors; and to maximize Pennsylvania's energy resources, including coal, natural gas, water, oil and timber.

Program: PA Assets

Program Element: PennPORTS

Pennsylvania's ports provide a competitive advantage for the commonwealth in attracting and retaining business. Pennsylvania boasts a deepwater port in Philadelphia, a busy, sprawling inland port in Pittsburgh, and a Great Lakes port in Erie with access to the world through the St. Lawrence Seaway, as well as a number of privately-owned and operated ports throughout the commonwealth.

The Port of Philadelphia is one of the busiest along the Atlantic coast. It handles more than one-quarter of the entire North Atlantic District's annual tonnage and it is the fourth largest port in the U.S. for the handling of imported goods. The Port of Pittsburgh moves more than 44 million tons of cargo annually along its three major waterways – the Allegheny, Monongahela and Ohio Rivers – making it the second largest inland port in the U.S. and the origin for more tons of raw materials than any other port in the world. Midway between New York and Chicago, Erie is within a 300-mile radius of one-third of the population of the United States, making it easy to reach major markets such as Detroit, New York, Chicago, Washington D.C. and parts of Canada.

PennPORTS constitutes a single budgetary line item, which will fund the operation and maintenance of the ports of Erie, Pittsburgh and Philadelphia. Funds will be used to aid in the development of port assets, which not only generate port and shipping-related jobs, but also assist Pennsylvania firms to export and import products.

Program Element: Marketing to Attract Tourists

Tourism is a key industry for Pennsylvania, injecting more than \$32.9 billion annually into the commonwealth's economy and generating more than \$3.4 billion in tax revenues each year for the state and local governments. Pennsylvania has invested in tourism marketing for decades in recognition of the industry's substantial contributions to the state's economy, most notably in jobs the industry provides commonwealth residents and tax revenues the industry generates for the state and

local governments, which support a host of essential government programs and services. The Pennsylvania Tourism Office's marketing activities provide exposure to out-of-state markets for the many small Pennsylvania tourism businesses that lack the resources to advertise beyond their local area.

Marketing to Attract Tourists will enable the commonwealth to establish an aggressive domestic and international tourism marketing program that is competitive with other states. The funding supports a comprehensive and effective marketing agenda including the popular visitPA.com website and various print and online publications. The Tourism Office encourages public/private partnerships within the industry to maximize Pennsylvania's presence on the national and global travel and tourism stage. The Tourism Office also continues to leverage new technology, such as Twitter, Facebook, YouTube, Flickr and Foursquare to provide highly customized, personalized and targeted information directly to travelers in an authentic and real-time medium to extend the reach of traditional marketing and continue to attract more than 175 million visitors a year and generate millions of dollars in tax revenues for the state and local governments.

Foursquare is a location-based, social networking site that makes cities easier to navigate and more interesting to explore by allowing users to "check-in" using their phones and post their current locations; meet up with friends; and provide travel recommendations and tips, while collecting points and virtual badges. Pennsylvania is the first and only state to partner with Foursquare by populating the network with more than 200 state tourism attractions exclusive branded badges on Foursquare, which has brought thousands of followers to the state's tourism website – visitpa.com, and has led to the creation of four custom badges: "PA Shooflyer" (dining), "PA Retail Polka" (shopping), "PA 4 Score & 7" (history) and "PA Groundhog Day."

Community and Economic Development

Program: PA Assets (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND				PennPORTS-Philadelphia Regional Port Authority Debt Service
	Marketing to Attract Tourists				—based on current estimates.
\$	-165	—nonrecurring 2011-12 budgetary freeze amount.	\$	46	
	-825	—nonrecurring projects.			
\$	-990	<i>Appropriation Decrease</i>	\$	-450	Tourism - Accredited Zoos
					—funding elimination.

PennPORTS is recommended at the current funding level.

Appropriations within this Program:

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Marketing to Attract Tourists	\$ 10,406	\$ 4,000	\$ 3,010	\$ 3,010	\$ 3,010	\$ 3,010	\$ 3,010
PennPORTS	4,713	3,699	3,699	3,699	3,699	3,699	3,699
PennPORTS-Philadelphia Regional Port Authority Debt Service	4,606	4,558	4,604	4,604	4,604	4,604	4,604
Tourism - Accredited Zoos	490	450	0	0	0	0	0
TOTAL GENERAL FUND	\$ 20,215	\$ 12,707	\$ 11,313	\$ 11,313	\$ 11,313	\$ 11,313	\$ 11,313

PROGRAM OBJECTIVE: To attain more effective delivery of housing and community development services; to provide resources and technical assistance that enhance the performance and quality of local governments, including fiscal stability; and to effectively create attractive, livable communities by revitalizing downtowns and surrounding neighborhoods, while promoting sound land-use practices.

Program: PA Communities

Program Element: Keystone Opportunity Zones (KOZ)

Reviving economically distressed urban and rural communities is critical to the ongoing revitalization of Pennsylvania's economy. Keystone Opportunity Zones (KOZs) eliminate specific underdeveloped and underutilized areas to assist communities to experience economic growth and investment. As established by Act 92 of 1998, these zones are defined, limited areas in communities that have greatly reduced or eliminated tax burdens for residents and businesses within them. KOZs reflect a true sense of partnership among state and local taxing bodies, school districts, economic development agencies and community-based organizations. Since the program's inception, it has led to the creation of 37,420 jobs and \$20.5 billion in capital investments. Twelve zones were initially designated for this one-time program.

Act 119 of 2000 extended the life of a KOZ from 12 to 15 years and authorized DCED to establish 12 smaller zones – Keystone Opportunity Expansion Zones (KOEZ). The act extended the expiration date of the program to 2013, and increased the eligible tax-exempt activity. Act 217 of 2002 provided for designation of subzones within KOZs and KOEZs to enable acreage that remained undesignated within the original limitation to be designated for state and local tax exemption. In accordance with Act 217, the Keystone Opportunity Improvement Zones (KOIZs) were designated by Executive Order in 2002. In July 2008, the KOZ program was enhanced again. Act 79 of 2008 authorized the state and local governments to expand existing zones, extend expiration dates and create additional KOEZs. Zone expansions must be contiguous to existing zones and not exceed 15 acres. Time extensions may be for seven years or ten, dependent on the local governments' preference, and only unoccupied property may be granted a time extension. The act also authorized 15 additional KOEZs; the new zones cannot exceed 350 acres.

In June 2011, Act 26 of 2011 amended the Fiscal Code and created Keystone Special Development Zones (KSDZ). The KSDZ designation is for parcels of real property certified as brownfields pursuant to the Land Recycling and Environmental Remediation Standards Act. The KSDZ designation will be for 15 years. It provides a tax credit of \$2,100 for employers within the KSDZ for each new full time job created beginning in tax year 2012 and

for a period of 10 tax years during the 15 year period of the zone. It allows excess credits to be sold or assigned.

Program Element: Keystone Communities

The Keystone Communities (KC) program is designed to encourage the creation of partnerships between the public (governmental) and private (non-governmental) sectors in communities to jointly support local initiatives such as the growth and stability of neighborhoods and communities; social and economic diversity, and a strong and secure quality of life. The KC program incorporates three discontinued appropriations: Housing and Redevelopment Assistance, the Pennsylvania Accessible Housing program and the New Communities Appropriation, which was comprised of three programs – Main Street, Elm Street and Enterprise Zone – under one appropriation, Keystone Communities.

The Keystone Communities program's new approach offers four designation types and four grant types that can for the most part be independently awarded. An applicant for a planning or development grant or accessible housing funding does not have to first seek or ultimately be seeking a designation status. Any community may apply and receive designation or grant funding in whatever order the community deems appropriate depending on its local needs and circumstances. With only two exceptions (Implementation Grants and Enterprise Zone Revolving Loan Fund Grants), designation is not a prerequisite to apply for or to receive Keystone Communities funding.

DCED is increasing the flexibility of benefits and financial resources in order to meet the variety of needs experienced by local communities. Designation does offer some benefits that may assist a community in non-financial ways, such as providing a roadmap and a process to guide a community's revitalization efforts. However, as noted above, Keystone Communities does not force a community to secure a designation just to access the funding opportunities offered through the KC program. DCED will provide either designation, grant funding, or both as warranted to help communities achieve their local goals and address specific local revitalization needs.

DCED strongly encourages community-based organizations, public agencies, business leaders, private developers, financial institutions and private citizens to work in partnership with local governments to develop

Program: PA Communities (continued)

a comprehensive approach to address community development and housing needs. These partnerships can and will create more attractive places to live, and will encourage business and job expansion and retention in Pennsylvania.

The department works directly with the community and will tailor assistance to meet the real needs of that community's revitalization effort, accounting for the community's ability to implement the proposed programs. DCED will strive to make applications more competitive, and ensure that the best "asset-based" projects rise to the top and focus greater resources on those communities most likely to show the greatest return on the investment of state funds.

Program Element: Municipal Assistance Program

The Municipal Assistance Program (MAP) was created to help local governments plan for and efficiently and effectively implement a variety of services, improvements and soundly-managed development. The program provides funding for three groups of activities:

- Shared service activities – program activities include high impact projects; regionalization, consolidation, or merging of services; boundary change; or shared vehicles/motorized equipment.
- Community planning – program activities include community plans, plan implementation, and Transit Revitalization Investment District planning studies.
- Floodplain management – funds will be used to reimburse municipalities for costs incurred in the preparation, enactment, administration, and enforcement of floodplain management regulations.

This is a statutory responsibility of DCED under the Pennsylvania Flood Plain Management Act, Act 166 of 1978.

Applicants for MAP may be any municipality – a city, borough, town, township, home-rule municipality, or county. Applicants may also be a public or quasi-public body duly authorized to act on behalf of one or more municipalities.

Program Element: The Early Intervention Program

In order to assist municipalities experiencing fiscal difficulties, the Early Intervention program provides grants to municipal and county governments to develop and implement multi-year financial management plans. The plans supply governments with both short-term and long-term direction to address fiscal difficulties before they reach a crisis point – Act 47.

Program Element: The Municipalities Financial Recovery Program – Act 47

When local governments are facing potential financial insolvency, the Municipalities Financial Recovery program – Act 47 – assists through grants and no-interest loans,

as well as extensive technical assistance through the preparation and implementation of comprehensive recovery plans. Act 47 also empowers DCED to declare certain municipalities distressed and provides grants and loans to aid in the recovery process.

Program Element: The Weatherization Assistance Program

In order to help low-income Pennsylvanians reduce energy costs, the Weatherization Assistance Program makes homes more energy efficient, saving money and keeping homes warmer. There are two weatherization funding streams from the federal government:

- Funds from the U.S. Department of Energy support activities such as the installation of insulation, shell repairs and heating system improvements.
- Funds from the U.S. Department of Health and Human Service also support home weatherization efforts in addition to a heating crisis program that operates during the winter in coordination with the Pennsylvania Department of Public Welfare's Low Income Housing Energy Assistance Program (LIHEAP).

Program Element: The Small Community Development Block Grant (SCDBG)

The Federal Small Community Development Block Grant (SCDBG) program, commonly known as the Community Development Block Grant (CDBG) program, provides results-driven assistance to expand low-and-moderate-income housing opportunities; enhances economic development and job opportunities for low-and-moderate-income individuals; corrects deficiencies in water and sewer systems; and improves streets, streetscapes, recreational facilities and public facilities in an overall effort to strengthen a pro-growth and pro-business environment.

Program Element: Community Services Block Grant (CSBG)

The Federal Community Services Block Grant (CSBG) program administered by DCED provides funds for community-based programs that demonstrate proven expertise in providing health, nutrition, housing, employment/training and asset development services to improve the standard of living for low-income persons and to improve the communities in which they live. Other CSBG efforts include economic development and revitalization projects that focus on neighborhood preservation and enhance the collaboration of services in communities. By law, 90 percent of the funds must go to the existing network of Community Action Agencies.

Community and Economic Development

Program: PA Communities (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		
	Transfer to Municipalities Financial Recovery Revolving Fund	\$	-34
\$ 1,675	—based on current estimates to continue the current program.		
	Intergovernmental Cooperation Authority- 2nd Class Cities	\$	-1,200
\$ -43	—nonrecurring 2011-12 budgetary freeze amount.		
-57	—funding reduction.	\$	14
\$ -100	<i>Appropriation Decrease</i>		
	PHFA - Homeowners Emergency Mortgage Assistance	\$	100
\$ -2,000	—funding elimination.		
	Municipal Assistance Program		—funding reduction.
	Keystone Communities		—nonrecurring 2011-12 budgetary freeze amount.
	Appalachian Regional Commission		—to continue current program.
	Early Intervention for Distressed Municipalities		—based on current estimates to continue the current program.

Appropriations within this Program:

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Transfer to Municipalities Financial Recovery Revolving Fund.....	\$ 934	\$ 925	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600
Intergovernmental Cooperation Authority- 2nd Class Cities.....	467	428	328	328	328	328	328
Housing & Redevelopment Assistance.....	17,513	0	0	0	0	0	0
PHFA - Homeowners Emergency Mortgage Assistance	10,476	2,000	0	0	0	0	0
Municipal Assistance Program	522	676	642	642	642	642	642
Local Government Resources and Development.....	1,305	0	0	0	0	0	0
Keystone Communities.....	9,802	12,000	10,800	10,800	10,800	10,800	10,800
Appalachian Regional Commission.....	801	989	1,003	1,003	1,003	1,003	1,003
Community Action Team (CAT)	289	0	0	0	0	0	0
Urban Development.....	3,415	0	0	0	0	0	0
Community and Business Assistance.....	373	0	0	0	0	0	0
Economic Growth & Development Assistance.....	1,250	0	0	0	0	0	0
Community & Municipal Facilities Assistance.....	735	0	0	0	0	0	0
Rural Leadership Training	178	0	0	0	0	0	0
Community Conservation and Employment.....	21,434	0	0	0	0	0	0
Early Intervention for Distressed Municipalities	692	685	785	785	785	785	785
Regional Development Initiative.....	2,943	0	0	0	0	0	0
Community and Regional Development....	4,040	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 77,169	\$ 17,703	\$ 16,158	\$ 16,158	\$ 16,158	\$ 16,158	\$ 16,158

Community and Economic Development

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: PA Job Creation, Business Growth and Attraction							
Business Assistance							
Jobs Pledged To Be Created*	39,308	29,125	29,500	29,900	30,200	30,600	31,000
Jobs Pledged To Be Retained*	126,907	95,100	96,800	98,600	100,500	102,300	104,200
Businesses Assisted	10,653	8,200	8,400	8,500	8,700	8,800	9,000
Private Funds Leveraged (\$ in Thousands)	\$5,349,710	\$3,675,000	\$3,746,000	\$3,820,000	\$3,894,000	\$4,008,000	\$4,086,000
Public Funds Leveraged (\$ in Thousands)	\$950,801	\$479,000	\$489,000	\$499,000	\$508,000	\$519,000	\$529,000
Persons Receiving Job Training (CJT/WedNet)	51,334	35,200	35,200	35,200	35,200	35,200	35,200
Brownfield Redevelopment Projects Assisted	61	75	61	61	61	61	61
Technology Investment							
Jobs Created	7,967	5,243	4,500	4,500	4,500	4,500	4,500
Jobs Retained	16,979	10,692	12,400	12,400	12,400	12,400	12,400
Businesses Assisted	8,268	5,929	2,600	2,600	2,600	2,600	2,600
New Technology Companies Established	290	114	100	100	100	100	100
* New Program Measure							
Program: PA Worldwide							
Tourism Promotion							
Hotel Rooms Sold (Thousands)	28,284	30,000	30,000	31,000	32,000	33,000	33,000
Travelers' Expenditures (\$ in Millions)	\$27,900	\$29,200	\$29,900	\$30,600	\$31,400	\$32,200	\$33,000
Tax Revenues Generated (\$ in Thousands)	\$1,523,300	\$1,594,000	\$1,632,500	\$1,670,700	\$1,714,400	\$1,758,000	\$1,801,700
International Business Development							
Export Sales Facilitated (\$ in Thousands)	\$526,343	\$532,000	\$542,000	\$553,000	\$564,000	\$575,000	\$587,000
Tax Revenues Generated (\$ in Thousands)	\$66,218	\$67,500	\$68,900	\$70,000	\$72,000	\$73,000	\$75,000
Foreign Direct Investments (FDI): Projects Completed	20	20	21	22	22	23	24
Businesses Assisted*	2,083	2,100	2,100	2,100	2,200	2,200	2,300
FDI:Capital Investments Facilitated (\$Thousands)*	\$169,594	\$172,000	\$175,000	\$178,000	\$181,000	\$184,000	\$187,000
* New Program Measure							
Program: PA Communities							
Main Street Projects	34	34	34	34	34	34	34
Elm Street Projects	26	26	26	26	26	26	26
Early Intervention Program: Local Governments Assisted	12	12	12	12	12	12	12

Community and Economic Development

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Homes Weatherized	1,529	1,529	1,529	1,529	1,529	1,529	1,529
Job Training and Human Services: CSBG: Persons Participating	444,529	460,921	250,250	250,250	250,250	250,250	250,250
Act 47: Designated Distressed Communities Assisted	20	20	21	19	19	19	19



DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

The mission of the Department of Conservation and Natural Resources is to promote sound stewardship of Pennsylvania's state park and state forest lands, provide education information and technical assistance regarding geologic and ecologic resources of the state and provide funding to help develop and acquire recreation lands and facilities, greenways, river corridors, and to conserve the state's natural and cultural heritage. The department is the state's lead land conservation and outdoor recreation agency and advocate for the wise management of natural resources on both public and private lands. The department's programs support the revitalization of communities, sustainable economic growth, outdoor and nature tourism and help improve the quality of life for all citizens.

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Conservation and Natural Resources

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 18,311	\$ 17,114	\$ 16,258
(F)Topographic and Geologic Survey Grants.....	2,055	2,055	2,055
(F)Bituminous Coal Resources.....	150	150	150
(F)Intermodal Surface Transportation Act.....	5,000	5,000	5,000
(F)Land and Water Conservation Fund.....	12,000	12,000	12,000
(F)Flood Hazard Mapping.....	510	510	0
(F)Highlands Conservation Program.....	500	500	1,500
(F)ARRA - Lidar Imagery.....	350	0	0
(F)ARRA - PAMAP Orthoimagery.....	309	0	0
(F)Cooperative Endangered Species.....	28	28	28
(F)PA Wilds Elk County Visitor Center.....	100	0	0
(A)Payment for Department Services.....	386	200	200
(A)Water Well Drillers.....	35	50	40
(A)Keystone Recreation, Park and Conservation Fund.....	1,859	1,271	0
(A)Internet Record Imaging System.....	209	300	200
(A)Environmental Stewardship Fund Admin.....	189	208	200
(A)Oil and Gas Lease Fund.....	1,000	3,105	5,322
Subtotal.....	\$ 42,991	\$ 42,491	\$ 42,953
State Parks Operations.....	45,838	27,534	26,157
(F)Recreational Trails.....	6,000	6,000	6,000
(F)Lake Erie Lakeside Management (EA).....	0	25	25
(F)PAMAP Geospatial Imaging (EA).....	300	300	300
(F)Pesque Isle Road Realignment and Dune Construction (EA).....	0	967	967
(F)June 2006 Summer Floods - Disaster Assistance (EA).....	2,000	0	0
(A)PCC Programs - Parks.....	9	0	0
(A)State Parks User Fees.....	20,600	20,000	20,000
(A)Donations.....	0	5	1
(A)Reimbursement for Services.....	909	780	745
(A)Oil and Gas Lease Fund.....	5,748	12,013	12,518
Subtotal.....	\$ 81,404	\$ 67,624	\$ 66,713
State Forests Operations.....	11,707	5,811	5,429
(F)Forest Fire Protection and Control.....	2,000	2,000	2,000
(F)Forestry Incentives and Agriculture Conservation.....	175	175	175
(F)Forest Management and Processing.....	3,800	3,800	3,800
(F)Aid to Volunteer Fire Companies.....	750	750	750
(F)Wetland Protection Fund.....	300	300	300
(A)Reimbursement for Services.....	191	209	200
(A)Reimbursement - Forest Fires.....	198	472	472
(A)Sale of Vehicles - Forests.....	68	50	65
(A)Timber Sales.....	28,310	30,300	27,360
(A)PCC Programs - Forests.....	12	0	0
(A)Miscellaneous Tickets and Fines.....	5	5	5
(A)Oil and Gas Lease Fund.....	10,827	15,235	17,883
Subtotal.....	\$ 58,343	\$ 59,107	\$ 58,439
Forest Pest Management.....	1,745	1,829	1,774
(F)Forest Insect and Disease Control.....	4,000	4,000	4,000
Subtotal.....	\$ 5,745	\$ 5,829	\$ 5,774
Subtotal - State Funds.....	\$ 77,601	\$ 52,288	\$ 49,618
Subtotal - Federal Funds.....	40,327	38,560	39,050
Subtotal - Augmentations.....	70,555	84,203	85,211
Total - General Government.....	\$ 188,483	\$ 175,051	\$ 173,879

Conservation and Natural Resources

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
Grants and Subsidies:			
Heritage and Other Parks.....	\$ 343	\$ 0	\$ 0
Annual Fixed Charges - Flood Lands.....	60	63	65
Annual Fixed Charges - Project 70.....	29	33	40
Annual Fixed Charges - Forest Lands.....	2,497	2,512	2,600
Annual Fixed Charges - Park Lands.....	384	392	400
Total - Grants and Subsidies.....	\$ 3,313	\$ 3,000	\$ 3,105
STATE FUNDS.....	\$ 80,914	\$ 55,288	\$ 52,723
FEDERAL FUNDS.....	40,327	38,560	39,050
AUGMENTATIONS.....	70,555	84,203	85,211
GENERAL FUND TOTAL.....	\$ 191,796	\$ 178,051	\$ 176,984
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
General Government:			
Park & Forest Facility Rehabilitation (EA).....	\$ 15,379	\$ 11,407	\$ 0 a
Grants and Subsidies:			
Grants for Local Recreation (EA).....	\$ 12,815	\$ 9,506	\$ 0 a
Grants to Land Trusts (EA).....	5,126	3,802	0 a
Total - Grants and Subsidies.....	\$ 17,941	\$ 13,308	\$ 0
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL.....	\$ 33,320	\$ 24,715	\$ 0
MOTOR LICENSE FUND:			
General Government:			
Dirt and Gravel Roads.....	\$ 1,000	\$ 1,000	\$ 1,000
Grants and Subsidies:			
(R)Forestry Bridges - Excise Tax (EA).....	\$ 7,000	\$ 3,000	\$ 3,000
STATE FUNDS.....	\$ 1,000	\$ 1,000	\$ 1,000
RESTRICTED REVENUES.....	7,000	3,000	3,000
MOTOR LICENSE FUND TOTAL.....	\$ 8,000	\$ 4,000	\$ 4,000
OTHER FUNDS:			
GENERAL FUND:			
Snowmobile & ATV Regulation.....	\$ 4,280	\$ 10,446	\$ 4,310
Forest Regeneration.....	2,834	9,912	2,400
Forestry Research.....	195	904	0
GENERAL FUND TOTAL.....	\$ 7,309	\$ 21,262	\$ 6,710
ENVIRONMENTAL EDUCATION FUND:			
General Operations (EA).....	\$ 150	\$ 300	\$ 300
ENVIRONMENTAL STEWARDSHIP FUND:			
Community Conservation Grants (EA).....	\$ 6,785	\$ 7,522	\$ 4,958
Natural Diversity Conservation Grants (EA).....	780	800	800
ENVIRONMENTAL STEWARDSHIP FUND TOTAL.....	\$ 7,565	\$ 8,322	\$ 5,758
OIL AND GAS LEASE FUND:			
General Operations.....	\$ 6,427	\$ 19,647	\$ 14,277
State Parks Operations.....	0	15,000	19,511
OIL AND GAS LEASE FUND TOTAL.....	\$ 6,427	\$ 34,647	\$ 33,788

Conservation and Natural Resources

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
STATE GAMING FUND:			
Payments in Lieu of Taxes (EA).....	\$ 5,084	\$ 5,110	\$ 5,122
WILD RESOURCE CONSERVATION FUND:			
General Operations (EA).....	\$ 211	\$ 203	\$ 267
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 80,914	\$ 55,288	\$ 52,723
SPECIAL FUNDS.....	34,320	25,715	1,000
FEDERAL FUNDS.....	40,327	38,560	39,050
AUGMENTATIONS.....	70,555	84,203	85,211
RESTRICTED.....	7,000	3,000	3,000
OTHER FUNDS.....	26,746	69,844	51,945
TOTAL ALL FUNDS.....	\$ 259,862	\$ 276,610	\$ 232,929

^a The 2012-13 budget proposes to redirect the department's share of funding from the Keystone Recreation, Park and Conservation Fund to the General Fund.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
PARKS AND FORESTS MANAGEMENT							
GENERAL FUND.....	\$ 80,914	\$ 55,288	\$ 52,723	\$ 52,723	\$ 52,723	\$ 52,723	\$ 52,723
SPECIAL FUNDS.....	34,320	25,715	1,000	1,000	1,000	1,000	1,000
FEDERAL FUNDS.....	40,327	38,560	39,050	39,050	39,050	39,050	39,050
OTHER FUNDS.....	104,301	157,047	140,156	139,140	139,140	139,140	139,140
SUBCATEGORY TOTAL.....	\$ 259,862	\$ 276,610	\$ 232,929	\$ 231,913	\$ 231,913	\$ 231,913	\$ 231,913
ALL PROGRAMS:							
GENERAL FUND.....	\$ 80,914	\$ 55,288	\$ 52,723	\$ 52,723	\$ 52,723	\$ 52,723	\$ 52,723
SPECIAL FUNDS.....	34,320	25,715	1,000	1,000	1,000	1,000	1,000
FEDERAL FUNDS.....	40,327	38,560	39,050	39,050	39,050	39,050	39,050
OTHER FUNDS.....	104,301	157,047	140,156	139,140	139,140	139,140	139,140
DEPARTMENT TOTAL.....	\$ 259,862	\$ 276,610	\$ 232,929	\$ 231,913	\$ 231,913	\$ 231,913	\$ 231,913

PROGRAM OBJECTIVE: To maintain and improve state parks; manage state forest lands to assure their long-term health, sustainability and economic use; provide information on ecological and geologic resources; and administer grant and technical assistance programs to benefit rivers conservation, trails and greenways, local recreation, regional heritage conservation and environmental education programs across the commonwealth.

Program: Parks and Forests Management

Program Element: Stewardship and Management of State Parks and Forests

The Department of Conservation and Natural Resources manages nearly 2.4 million acres of state park and forest lands that provide economic, recreational, ecological, geological and aesthetic value to the commonwealth. The commonwealth's 117 state parks offer a variety of outdoor recreation, environmental education and overnight accommodation options to visitors. State parks are heavily integrated into local economies, generating more than \$928 million in local expenditures. Every dollar spent on state parks generates \$9 in return.

As it manages these lands and facilities, the department strives to provide a high-quality visitor experience, demonstrate exemplary natural resource stewardship and provide opportunities for visitors to learn about Pennsylvania's natural heritage. To accomplish those goals, the department is continually making improvements and repairs to its extensive infrastructure system — one of the largest in the state with thousands of miles of roads; hundreds of bridges, dams, treatment plants, pools and marinas; and thousands of buildings.

State forests are managed for sustainable timber harvest including fire suppression, insect and disease control, watershed protection and resource extraction and storage. State forests also offer outdoor recreation, environmental education and primitive camping options. The department educates the public about fire prevention and fights fires on public and private forestlands. The department also monitors forest lands for native and non-native invasive pests, including the gypsy moth, emerald ash borer and hemlock wooly adelgid, which threaten our trees.

The commonwealth's 2.2 million forest acres comprise one of the largest tracts of forest in North America certified by the Forest Stewardship Council as managed in an environmentally responsible manner. By tracking wood from forest to final product, certification enables consumers to support responsible forestry and provides forest owners with an incentive to maintain and improve forest management practices. The harvest of quality hardwood timber helps support the state's \$5 billion forest products industry that employs nearly 100,000 people.

The department strives to incorporate sustainable building practices in its construction and renovation of facilities on state park and forest lands. This includes

pursuing LEED (Leadership in Energy and Environmental Design Green Building Rating System®) certification for large new structures and adopting LEED standards for smaller structures. The LEED assessment framework includes site development, water savings, energy efficiency, materials selection and indoor environmental quality. Pennsylvania state parks have the largest number of LEED-rated buildings of any state park system in the country.

The department's biodiversity and conservation science programs support the management of state parks and forests. One such program, the Pennsylvania Natural Heritage program, is the commonwealth's major program to inventory significant natural features, provide evaluation, rank species of special concern and compile natural features data.

Stewardship of Pennsylvania's state park and forest land includes acquiring lands that protect and enhance existing state parks and forests, forested watersheds and riparian corridors; conserve biologically important areas; or create connections with other public lands, open spaces and outdoor recreation and educational opportunities. Such acquisitions are carefully considered to ensure that the department can maintain its stewardship and management objectives.

Program Element: Statewide Land Conservation

The long-term sustainability of our natural resources is the responsibility of local communities, counties, state and federal agencies, nonprofit conservation organizations and private landowners. Land conservation is multifaceted, including developing greenway connectors between conserved lands and communities, protecting open space and ecologically and geologically significant lands, supporting Pennsylvania's private forest resource and encouraging more environmentally sensitive growth in developing areas.

The department helps local communities, counties, regional organizations, not-for-profit stakeholders, private landowners and other governmental entities manage growth on private lands and reduce the loss of open space by providing technical assistance, educational information and grant funding for research, planning, project development and land acquisition.

The department also provides management assistance to private forest landowners, who possess three-quarters

Program: Parks and Forests Management (continued)

of all forest land in the state. Conservation of these lands is important to the future health of the forests, protecting water quality and water supplies, providing recreational opportunities and maintaining the state's forest products industry.

Program Element: Sustainable and Attractive Communities

The department has built its community work around a landscape-scale approach to conservation designed to create vibrant communities that are connected to their natural assets. The department is currently working in seven regional landscapes called Conservation Landscape Initiatives — an advanced, collaborative, interagency approach to recreation, conservation and community enhancement that has shown demonstrable economic and quality of life impacts and achieved proven economic successes. These landscapes include the Pennsylvania Wilds, Laurel Highlands, Schuylkill Highlands, Lower Susquehanna, South Mountain, Lehigh Valley Greenways, and Pocono Forests and Waters.

The department supports regional, county and local planning efforts with ecological and geologic information, technical assistance and funding. The department's conservation science programs and topographic and geologic resources — digital maps, data and Geographic Information Systems — help communities make land use decisions that support sustainable development, such as identifying where unique plant or animal species should be protected or where sinkhole potential might affect a development site choice.

The department offers grants through the Community Conservation Partnerships program, the Wild Resource Conservation program, and through support of the PA Urban and Community Forestry Grants program. The Community Conservation Partnerships program combines state and federal funding sources and programs to provide technical assistance and matching grants for community recreation and recreational trails, snowmobile and ATV trails and parks, land conservation, river conservation and rail-trails. These grants have assisted every Pennsylvania county and reached more than 50 percent of the commonwealth's communities. The Wild Resource Conservation program directs resources and education toward endangered and threatened species, awarding grants for projects that protect or study plants, birds, mammals, fish, reptiles, amphibians and other species. The PA Urban and Community Forestry Grants program offers grants to communities for education about trees, tree planting and maintenance programs and tree-care programs.

Program Element: Outdoor Connections for Citizens and Visitors

While the outdoors is an important part of many Pennsylvanians' lives, some citizens have no connection to the outdoors. The department works to increase enthusiasm for nature, provide life-long conservation learning and generate stewardship activities with our park and forest lands, greenways, heritage areas and community recreation resources.

Helping to guide the department's outdoor recreation initiatives is the Statewide Comprehensive Outdoor Recreation Plan, a nationally recognized outdoor recreation strategy developed by the department in 2010 to improve the health of our citizens and the economic vitality of communities. The plan presents 28 programmatic and five funding recommendations to enhance the delivery of outdoor recreation facilities and services.

Among the recommendations are increasing awareness of outdoor opportunities, while at the same time encouraging responsible park and forest stewardship. The department is coordinating with tourism partners to promote the state's parks, forests, trails, rivers, greenways and heritage areas; enhance its website; advertise through events, promotions and printed materials; improve signage; develop new overnight accommodations; offer environmental education and interpretive programs; and institute guided recreation programming in concert with interpretive programming.

These various efforts are intended not only to improve visitor experiences and encourage repeat visitation but also to communicate stewardship messages to citizens and visitors and provide economic benefit to surrounding communities. The department's outreach also extends to urban and suburban environmental education and recreation programming.

The Department of Conservation and Natural Resources receives funding from a number of sources to support program operations, including state general funds, federal funds, a variety of user fees, lease and concession charges and revenue distributions from state special funds. A portion of landfill fee revenues from the Environmental Stewardship Fund (Growing Greener I) is used to fund state park and forest rehabilitation and land acquisition and community grants for projects such as greenways, recreational trails, various conservation projects and grants to protect and conserve biological diversity.

In 2011-12, the department utilized a total of \$65 million from the Oil and Gas Lease Fund to support conservation and recreation programs. The Oil and Gas Lease Fund is comprised of revenue from oil and gas drilling leases and royalties on commonwealth lands. Royalty revenues are projected to increase over the next few years.

Conservation and Natural Resources

Program: Parks and Forests Management (continued)

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Government Operations</p> <p>\$ -513 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>-343 —reduction in administrative costs.</p> <hr/> <p>\$ -856 <i>Appropriation Decrease</i></p> <p>State Parks Operations</p> <p>\$ -826 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>-551 —reduction in administrative costs.</p> <hr/> <p>\$ -1,377 <i>Appropriation Decrease</i></p> <p>State Forests Operations</p> <p>\$ -174 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>-208 —reduction in administrative costs.</p> <hr/> <p>\$ -382 <i>Appropriation Decrease</i></p>	<p>Forest Pest Management</p> <p>\$ -55 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>Annual Fixed Charges – Flood Lands</p> <p>\$ 2 —to continue current program.</p> <p>Annual Fixed Charges – Project 70</p> <p>\$ 7 —to continue current program.</p> <p>Annual Fixed Charges – Forest Lands</p> <p>\$ 88 —to continue current program.</p> <p>Annual Fixed Charges – Park Lands</p> <p>\$ 8 —to continue current program.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 18,311	\$ 17,114	\$ 16,258	\$ 16,258	\$ 16,258	\$ 16,258	\$ 16,258
State Parks Operations	45,838	27,534	26,157	26,157	26,157	26,157	26,157
State Forests Operations.....	11,707	5,811	5,429	5,429	5,429	5,429	5,429
Forest Pest Management	1,745	1,829	1,774	1,774	1,774	1,774	1,774
Heritage and Other Parks.....	343	0	0	0	0	0	0
Annual Fixed Charges - Flood Lands	60	63	65	65	65	65	65
Annual Fixed Charges - Project 70.....	29	33	40	40	40	40	40
Annual Fixed Charges - Forest Lands.....	2,497	2,512	2,600	2,600	2,600	2,600	2,600
Annual Fixed Charges - Park Lands.....	384	392	400	400	400	400	400
TOTAL GENERAL FUND	\$ 80,914	\$ 55,288	\$ 52,723	\$ 52,723	\$ 52,723	\$ 52,723	\$ 52,723
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Park & Forest Facility Rehabilitation (EA) .	\$ 15,379	\$ 11,407	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Grants for Local Recreation (EA)	12,815	9,506	0	0	0	0	0
Grants to Land Trusts (EA).....	5,126	3,802	0	0	0	0	0
TOTAL KEYSTONE RECREATION, PARK AND CONSERVATION FUND.....	\$ 33,320	\$ 24,715	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
MOTOR LICENSE FUND:							
Dirt and Gravel Roads	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000

Conservation and Natural Resources

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Parks and Forests Management							
Stewardship and Management of State Parks and Forests							
State park attendance	37,600,000	38,500,000	38,500,000	38,500,000	38,500,000	38,500,000	38,500,000
State park family campsite nights available to rent	1,253,223	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
State park family campsite nights rented	295,087	325,000	325,000	325,000	325,000	325,000	325,000
Percentage of available state park family campsites rented during peak weekends	64%	66%	66%	66%	66%	66%	66%
State park family cabin nights available to rent	96,407	96,000	96,000	96,000	96,000	96,000	96,000
State park family cabin nights rented	58,248	58,000	58,000	58,000	58,000	58,000	58,000
Percentage of available state park family cabins rented during peak weekends	92%	92%	92%	92%	92%	92%	92%
LEED-registered park and forest buildings (under review and approved)	11	13	13	14	15	16	17
Sales of certified timber (millions of board feet sold)	63	70	70	70	70	70	70
Statewide Land Conservation							
Land conservation through acquisition and easement (acres) - includes parks & forests and communities	14,865	3,500	3,500	3,500	3,500	3,500	3,500
Sustainable and Attractive Communities							
Total grant funds awarded	\$29,100,000	\$31,400,000	\$19,000,000	\$19,000,000	\$19,000,000	\$19,000,000	\$19,000,000
Community Conservation Partnerships Program (C2P2) grants awarded	125	125	70	70	70	70	70
STATEMAP - square miles mapped	115	0	0	0	0	0	0
Pennsylvania Natural Heritage Program (PNHP) online website database searches	53,600	62,000	65,000	68,000	71,000	74,000	77,000
Outdoor Connections for Citizens and Visitors							
Get Outdoors PA recreation programs conducted	2,740	2,390	2,390	2,390	2,390	2,390	2,390
Environmental education and interpretive program attendance	384,709	350,000	350,000	350,000	350,000	350,000	350,000



DEPARTMENT OF CORRECTIONS

The mission of the Department of Corrections is to protect the public by confining persons committed to the department's custody in safe, secure facilities and to provide opportunities for inmates to acquire the skills and values necessary to become productive law-abiding citizens, while respecting the rights of crime victims.

The department maintains a state system for the custody and rehabilitation of convicted criminals. Included within this system are residential programs and pre-release programs to provide inmates with supervision, counseling and treatment to enable them to satisfactorily adjust to society.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>Institutional:</i>			
General Government Operations.....	\$ 30,577	\$ 29,679	\$ 29,679
(F)JAG - Culinary Program (EA).....	0	200	150
(A)County Training.....	219	286	260
(A)Augmentations from State Agencies.....	7	41	20
(A)Miscellaneous.....	8	0	0
Subtotal.....	<u>\$ 30,811</u>	<u>\$ 30,206</u>	<u>\$ 30,109</u>
Medical Care.....	243,518	238,810	217,445
(A)Medical Co-payment.....	409	479	479
(A)Miscellaneous.....	2	3	3
Subtotal.....	<u>\$ 243,929</u>	<u>\$ 239,292</u>	<u>\$ 217,927</u>
Inmate Education and Training.....	39,697	39,925	39,925
(F)Youth Offenders Education.....	1,088	1,330	250
(F)Correctional Education.....	1,338	1,400	725
(F)Offender Workforce Training.....	0	25	10
Subtotal.....	<u>\$ 42,123</u>	<u>\$ 42,680</u>	<u>\$ 40,910</u>
State Correctional Institutions.....	1,349,322	1,558,608	1,579,973
(F)SABG - Drug and Alcohol Programs.....	2,100	2,100	2,100
(F)Reimbursement for Alien Inmates.....	1,835	3,290	1,350
(F)Volunteer Support.....	40	40	40
(F)RSAT - State Prisoners (EA).....	400	950	906
(F)Changing Offender Behavior.....	800	200	250
(F)Prison Rape Elimination.....	200	0	0
(F)Automated Victim Notification (EA).....	0	12	0
(F)ARRA - Fiscal Stabilization.....	172,911	0	0
(F)ARRA - Inmate Transportation Initiative (EA).....	500	200	0
(F)ARRA - County Jail Reentry Project (EA).....	0	750	250
(F)ARRA - Peer Support (EA).....	0	115	70
(A)Community Service Centers.....	637	548	643
(A)Institutional Reimbursements.....	375	344	343
(A)Social Security.....	149	172	186
Subtotal.....	<u>\$ 1,529,269</u>	<u>\$ 1,567,329</u>	<u>\$ 1,586,111</u>
Subtotal - State Funds.....	\$ 1,663,114	\$ 1,867,022	\$ 1,867,022
Subtotal - Federal Funds.....	181,212	10,612	6,101
Subtotal - Augmentations.....	1,806	1,873	1,934
Total - Institutional.....	<u>\$ 1,846,132</u>	<u>\$ 1,879,507</u>	<u>\$ 1,875,057</u>
STATE FUNDS.....	\$ 1,663,114	\$ 1,867,022	\$ 1,867,022
FEDERAL FUNDS.....	181,212	10,612	6,101
AUGMENTATIONS.....	1,806	1,873	1,934
GENERAL FUND TOTAL.....	<u>\$ 1,846,132</u>	<u>\$ 1,879,507</u>	<u>\$ 1,875,057</u>
OTHER FUNDS:			
MANUFACTURING FUND:			
General Operations (EA).....	\$ 77,231	\$ 76,305	\$ 81,642

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 1,663,114	\$ 1,867,022	\$ 1,867,022
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	181,212	10,612	6,101
AUGMENTATIONS.....	1,806	1,873	1,934
OTHER FUNDS.....	77,231	76,305	81,642
TOTAL ALL FUNDS.....	\$ 1,923,363	\$ 1,955,812	\$ 1,956,699

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
INSTITUTIONALIZATION OF OFFENDERS							
GENERAL FUND.....	\$ 1,663,114	\$ 1,867,022	\$ 1,867,022	\$ 1,867,022	\$ 1,867,022	\$ 1,867,022	\$ 1,867,022
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	181,212	10,612	6,101	5,820	5,420	5,320	5,320
OTHER FUNDS.....	79,037	78,178	83,576	81,117	79,591	79,968	79,968
SUBCATEGORY TOTAL.....	\$ 1,923,363	\$ 1,955,812	\$ 1,956,699	\$ 1,953,959	\$ 1,952,033	\$ 1,952,310	\$ 1,952,310
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1,663,114	\$ 1,867,022	\$ 1,867,022	\$ 1,867,022	\$ 1,867,022	\$ 1,867,022	\$ 1,867,022
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	181,212	10,612	6,101	5,820	5,420	5,320	5,320
OTHER FUNDS.....	79,037	78,178	83,576	81,117	79,591	79,968	79,968
DEPARTMENT TOTAL.....	\$ 1,923,363	\$ 1,955,812	\$ 1,956,699	\$ 1,953,959	\$ 1,952,033	\$ 1,952,310	\$ 1,952,310

PROGRAM OBJECTIVE: To decrease the recurrence of crime by replacing criminal behavior with socially acceptable behavior.

Program: Institutionalization of Offenders

The Department of Corrections protects the public by confining law offenders in state correctional institutions for the period of time specified by the courts and the Pennsylvania Board of Probation and Parole (PBPP). The department is charged with maintaining safe and humane prisons and providing opportunities to the inmate population for growth and change. Given that 90 percent of offenders incarcerated in the commonwealth's state prisons will eventually be released into the community, the Department of Corrections emphasizes programs that prepare inmates for responsible, crime-free community living. These re-entry programs include drug and alcohol treatment, education, work skills and community corrections.

The department seeks to provide sufficient and secure permanent housing space for the inmate population. The goal is to operate the state correctional system at or below bed capacity, which represents the optimal number of inmates that each facility can safely house. The state-administered correctional system includes 26 correctional institutions, 56 state-operated or contracted community corrections centers and a motivational boot camp. There were 51,290 inmates in the state system at the end of June 2011 and a bed capacity of 45,830. Several housing units opened in 2011 and two housing units are expected to open in 2012. This additional institutional capacity in combination with a redefinition of bed capacity that reflects optimal available housing space, lower population projections resulting from passage of several bills in 2008 and 2010 that provide various alternatives to incarceration, and several savings initiatives that the department is in the process of implementing will allow the department to return to Pennsylvania in early 2012 approximately 1,000 inmates temporarily housed in Virginia. In 2011, inmates temporarily housed in Michigan were returned to Pennsylvania.

Program Element: Institutional Operations

In addition to protecting the public by separating offenders from society, the department emphasizes the safety and security of its staff, volunteers, inmates and visitors to the institutions. Security operations are improved through security assessments, training, structural improvements and use of technology such as biometrics and intrusion detection systems. The department's drug interdiction program has been recognized as a best practice by the American Correctional Association. The percentage of inmates random testing positive for drug and alcohol use while in prison is 0.15 percent, which is one of the lowest rates in the country for state correctional

systems. The department is fully accredited by the American Correctional Association. All inmates undergo a diagnostic and classification process to determine the inmate's appropriate security classification, medical needs and programs needed for re-entry into society as well as other needs and requirements.

Two of the largest support services needed to operate the institutions are food service and facility maintenance. Staff and inmates perform most of these functions, giving inmates an opportunity to learn a trade, while constructively occupying their time. Another large support service is health care services. A combination of staff and contractors provides health care services. Renal dialysis, geriatric services, infectious care treatment and other necessary services are offered. Approximately 20 percent of the inmate population requires mental health treatment. To address these needs, mental health services are provided, including special needs units in most institutions and licensed mental health units in six institutions.

Program Element: Inmate Programs and Re-entry

The department released nearly 17,000 offenders in 2010-11 with 66 percent exiting to parole supervision. A series of savings initiatives beginning in 2012 and anticipated legislative changes are expected to produce significant population reductions beginning in 2012-13. The department provides programming which will enable inmates to leave prison better prepared to adjust to life in the community. A public safety reform package was enacted in Pennsylvania in 2008 to enhance inmate participation in treatment programs to reduce recidivism and reduce the growth of the nonviolent inmate population, as research has shown that inmate participation in appropriately structured interventions can reduce recidivism. In order to increase public safety, the PBPP has implemented certain changes in parole procedures particularly affecting inmates classified as violent. Both the department and the PBPP continue to review changes to procedures for violent offenders. Act 95 of 2010 authorized the use of secure parole violator centers for certain offenders. These centers provide the means to reduce the number of technical parole violators returned to prison yet maintain a secured environment for offenders assigned to the centers.

Preparation for re-entry begins when an offender enters the department's diagnostic and classification centers. The centers conduct a comprehensive assessment of the individual's risk or probability of reoffense and needs or factors related to criminality - such as antisocial

Program: Institutionalization of Offenders (continued)

attitudes, poor problem solving and decision-making skills, substance abuse and low levels of education and vocational achievement. This assessment data is used by trained staff and shared with the PBPP, which may provide additional input to develop a meaningful correctional plan. The correctional plan details the recommended treatment and education programs for each individual offender and sets expectations for behavior and work performance throughout incarceration.

Act 112 of 2004 directed the state to create an intermediate punishment program. In this program, eligible inmates, including those with less serious offenses, participate in structured alcohol and other drug treatment programs while in prison, followed by treatment in the community. The results from evaluations of programs in other states show a significant reduction in recidivism and drug relapse for offenders who have completed these programs. As this program is fully utilized, it will be able to serve approximately 1,500 inmates per year.

Treatment services are designed to modify the inmate's social behavior to a more acceptable level for institutional management and reduce criminal behavior when released, thus providing a basis for better community protection. All facilities provide alcohol and other drug treatment programs. Approximately 15,500 inmates are recommended to receive alcohol and other drug treatment upon entry into the state prison system, and approximately 3,900 inmates currently receive treatment services. Therapeutic communities provide more intensive alcohol and other drug programming, which is more effective in changing behavior. Approximately 1,900 inmates currently receive this intensive treatment. Other counseling services and programs are available. All facilities offer sex offender treatment, some with special sex offender units.

Educational programs offer inmates the opportunity to obtain high school diplomas or adult basic education skills. A Correctional Education Association study shows that attending educational courses in prison reduces the likelihood of recidivism by 23 percent. New inmates who do not have a high school diploma or GED are required to attend classes. Approximately 9,000 inmates are in GED or adult basic education classes, and 1,536 inmates received diplomas within the most recently completed fiscal year.

Vocational training is dedicated to the development of marketable job skills so that inmates are more employable upon their release. A variety of vocational programs are offered, including plumbing, auto mechanics, barbering, electronics and machinist training. The department works with the Department of Labor and Industry to match its vocational offerings to jobs available in the community. 95 percent of the vocational training programs offered in institutions provide inmates completing the program and passing examinations with industry-recognized credentials.

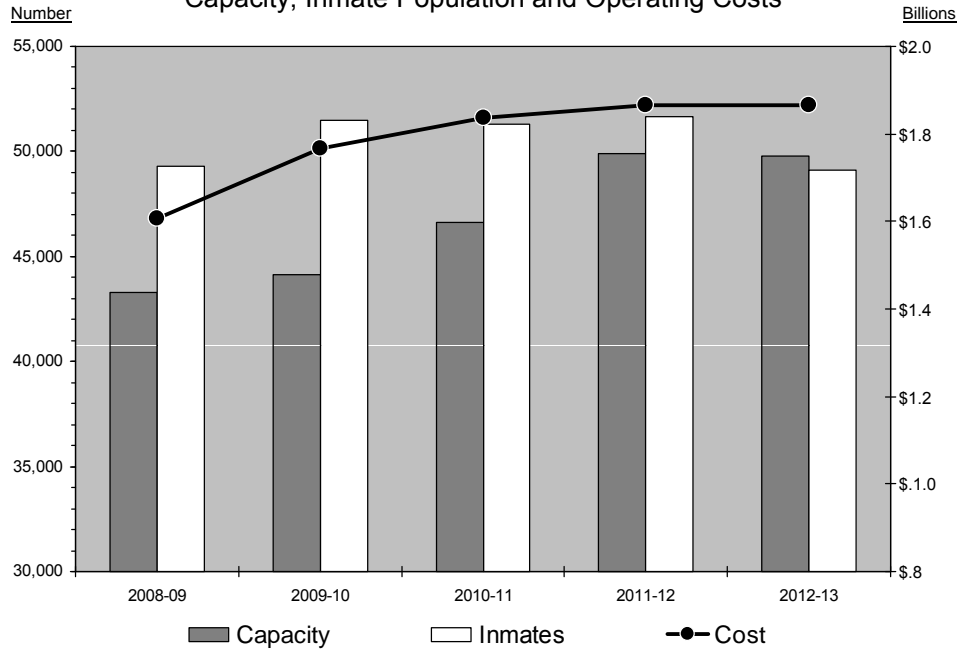
Work is another component of inmate programming. The department is continuing its efforts to have inmates perform meaningful work. Employment in institutional jobs and in correctional industries provides inmates with the opportunity to learn responsibility, good work habits and skills that can be used to find employment after release. Approximately 83 percent of inmates assessed as being able and eligible to work are working. Community work programs in which low-risk inmates perform community service projects outside the institutions are available at most institutions.

Program Element: Community Corrections

The last step in re-entry treatment is community corrections. Community corrections centers permit highly screened inmates, who meet established criteria, to live in halfway houses in the community. At these centers, inmates receive 24-hour supervision and can utilize counseling services while working or attending school. These centers provide programming reinforcement during the inmate's transition back to the community. The centers also offer alcohol and other drug treatment services, employment assistance, specialized counseling for hard-to-place offenders and other services. Community corrections placement is also available to some parolees as either an alternative to a return to prison or as a transition from prison to the community. In 2012, there will be approximately 4,600 offenders in the community corrections centers, and approximately 51 percent will be parolees.

State Correctional Institutions

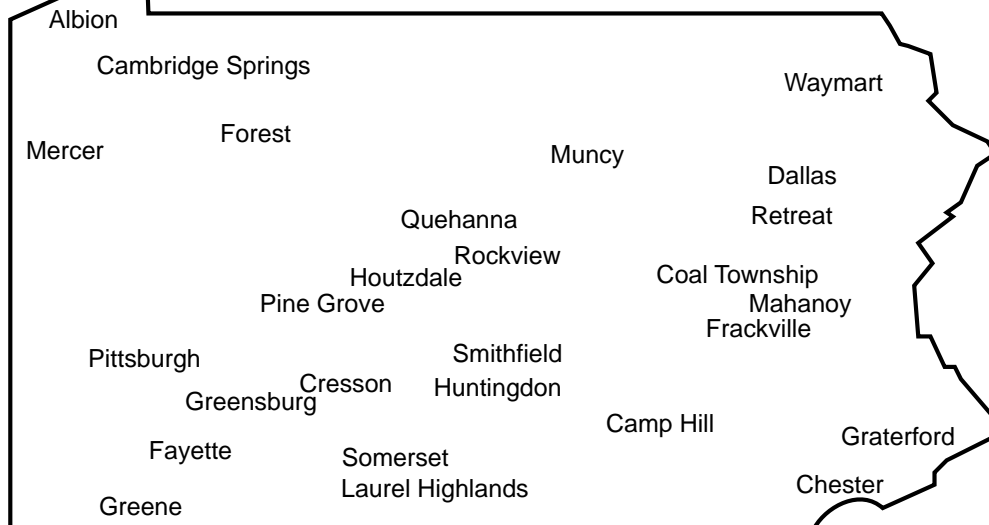
Capacity, Inmate Population and Operating Costs



The cost of operating the state correctional institution system has increased from \$1.6 billion in 2008-09 to nearly \$1.9 billion in 2012-13. During this timeframe, the inmate population has increased from 49,307 in 2008-09 and is projected to peak in 2011-12 at 51,720 before declining in 2012-13 due to a series of savings initiatives and anticipated legislative changes.

State Correctional Institutions

Locations



Program: Institutionalization of Offenders (continued)

Population and Capacity Institutions	Population Dec 2011	Estimated Population Dec 2012	Capacity Dec 2011	Estimated Capacity Dec 2012
Albion.....	2,282	2,186	2,152	2,152
Cambridge Springs.....	928	927	1,018	1,018
Camp Hill.....	3,442	3,266	3,272	3,272
Chester.....	1,261	1,140	1,178	1,178
Coal Township.....	2,028	2,101	1,923	2,153
Cresson.....	1,573	1,523	1,563	1,563
Dallas.....	2,111	1,931	1,941	1,941
Fayette.....	2,048	1,906	1,826	1,826
Forest.....	2,264	1,979	1,891	1,891
Frackville.....	1,139	1,086	1,125	1,125
Graterford.....	3,351	3,214	3,361	3,361
Greene.....	1,750	1,649	1,478	1,577
Greensburg.....	1,056	1,084	1,067	1,142
Houtzdale.....	2,442	2,350	2,365	2,365
Huntingdon.....	2,147	1,893	1,804	1,804
Laurel Highlands.....	1,363	1,458	1,571	1,571
Mahanoy.....	2,324	2,296	2,154	2,304
Mercer.....	1,459	1,386	1,494	1,494
Muncy.....	1,517	1,457	1,410	1,410
Pine Grove.....	901	1,079	1,163	1,163
Pittsburgh.....	1,584	1,697	1,755	1,755
Quehanna Boot Camp.....	498	480	565	565
Retreat.....	1,127	1,120	1,104	1,151
Rockview.....	2,376	2,218	2,283	2,283
Smithfield.....	1,365	1,167	1,125	1,125
Somerset.....	2,247	2,205	2,203	2,203
Waymart.....	1,458	1,438	1,522	1,522
Community Centers.....	2,063	2,278	2,063	2,278
Other jurisdictions.....	1,534	613	1,534	613
Total.....	51,638	49,127	49,910	49,805

Included in capacity are 1,147 contract beds in December 2011 and 1,273 contract beds in December 2012 that are available to house community corrections inmates. Other jurisdictions capacity includes federal beds (11 in December 2011 and 13 in December 2012); beds contracted with other counties in Pennsylvania (609 in December 2011 and 600 in December 2012); and 914 contracted beds in Virginia in December 2011.

Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget		2010-11 Actual	2011-12 Available	2012-13 Budget
Albion				Forest			
State Funds.....	\$ 54,299	\$ 61,273	\$ 59,525	State Funds.....	\$ 55,676	\$ 63,697	\$ 65,498
Federal Funds.....	6,400	101	84	Federal Funds.....	6,819	135	101
Augmentations.....	29	28	29	Augmentations.....	24	22	22
TOTAL.....	<u>\$ 60,728</u>	<u>\$ 61,402</u>	<u>\$ 59,638</u>	TOTAL.....	<u>\$ 62,519</u>	<u>\$ 63,854</u>	<u>\$ 65,621</u>
Cambridge Springs				Frackville			
State Funds.....	\$ 32,134	\$ 35,621	\$ 35,485	State Funds.....	\$ 39,169	\$ 44,653	\$ 44,156
Federal Funds.....	3,799	100	84	Federal Funds.....	5,094	95	84
Augmentations.....	28	30	30	Augmentations.....	15	12	13
TOTAL.....	<u>\$ 35,961</u>	<u>\$ 35,751</u>	<u>\$ 35,599</u>	TOTAL.....	<u>\$ 44,278</u>	<u>\$ 44,760</u>	<u>\$ 44,253</u>
Camp Hill				Graterford			
State Funds.....	\$ 93,478	\$ 109,212	\$ 111,530	State Funds.....	\$ 104,872	\$ 117,279	\$ 119,379
Federal Funds.....	11,397	105	89	Federal Funds.....	12,795	100	89
Augmentations.....	62	76	85	Augmentations.....	60	75	70
TOTAL.....	<u>\$ 104,937</u>	<u>\$ 109,393</u>	<u>\$ 111,704</u>	TOTAL.....	<u>\$ 117,727</u>	<u>\$ 117,454</u>	<u>\$ 119,538</u>
Chester				Greene			
State Funds.....	\$ 40,709	\$ 46,203	\$ 45,036	State Funds.....	\$ 63,016	\$ 71,505	\$ 72,366
Federal Funds.....	4,500	0	0	Federal Funds.....	8,294	100	89
Augmentations.....	15	19	15	Augmentations.....	19	23	22
TOTAL.....	<u>\$ 45,224</u>	<u>\$ 46,222</u>	<u>\$ 45,051</u>	TOTAL.....	<u>\$ 71,329</u>	<u>\$ 71,628</u>	<u>\$ 72,477</u>
Coal Township				Greensburg			
State Funds.....	\$ 52,851	\$ 60,319	\$ 60,426	State Funds.....	\$ 37,804	\$ 43,108	\$ 41,812
Federal Funds.....	6,309	234	194	Federal Funds.....	4,597	210	203
Augmentations.....	36	31	35	Augmentations.....	12	14	13
TOTAL.....	<u>\$ 59,196</u>	<u>\$ 60,584</u>	<u>\$ 60,655</u>	TOTAL.....	<u>\$ 42,413</u>	<u>\$ 43,332</u>	<u>\$ 42,028</u>
Cresson				Houtzdale			
State Funds.....	\$ 50,725	\$ 57,848	\$ 58,198	State Funds.....	\$ 56,144	\$ 64,058	\$ 64,619
Federal Funds.....	6,101	102	84	Federal Funds.....	6,594	171	99
Augmentations.....	25	20	25	Augmentations.....	42	44	49
TOTAL.....	<u>\$ 56,851</u>	<u>\$ 57,970</u>	<u>\$ 58,307</u>	TOTAL.....	<u>\$ 62,780</u>	<u>\$ 64,273</u>	<u>\$ 64,767</u>
Dallas				Huntingdon			
State Funds.....	\$ 64,521	\$ 72,583	\$ 71,632	State Funds.....	\$ 58,116	\$ 66,549	\$ 67,284
Federal Funds.....	8,100	101	84	Federal Funds.....	7,512	118	89
Augmentations.....	45	42	48	Augmentations.....	33	36	38
TOTAL.....	<u>\$ 72,666</u>	<u>\$ 72,726</u>	<u>\$ 71,764</u>	TOTAL.....	<u>\$ 65,661</u>	<u>\$ 66,703</u>	<u>\$ 67,411</u>
Fayette				Laurel Highlands			
State Funds.....	\$ 65,343	\$ 74,517	\$ 75,134	State Funds.....	\$ 57,532	\$ 60,852	\$ 61,577
Federal Funds.....	7,699	100	84	Federal Funds.....	4,787	92	89
Augmentations.....	28	28	30	Augmentations.....	22	22	23
TOTAL.....	<u>\$ 73,070</u>	<u>\$ 74,645</u>	<u>\$ 75,248</u>	TOTAL.....	<u>\$ 62,341</u>	<u>\$ 60,966</u>	<u>\$ 61,689</u>

Program: Institutionalization of Offenders (continued)

Expenditures by Institution: (Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget		2010-11 Actual	2011-12 Available	2012-13 Budget
Mahanoy				Smithfield			
State Funds.....	\$ 56,154	\$ 63,350	\$ 63,908	State Funds.....	\$ 44,951	\$ 51,585	\$ 52,656
Federal Funds.....	6,507	113	89	Federal Funds.....	5,605	109	88
Augmentations.....	38	46	51	Augmentations.....	16	12	11
TOTAL.....	<u>\$ 62,699</u>	<u>\$ 63,509</u>	<u>\$ 64,048</u>	TOTAL.....	<u>\$ 50,572</u>	<u>\$ 51,706</u>	<u>\$ 52,755</u>
Mercer				Somerset			
State Funds.....	\$ 41,731	\$ 47,489	\$ 46,609	State Funds.....	\$ 55,704	\$ 64,038	\$ 64,381
Federal Funds.....	4,907	113	89	Federal Funds.....	6,608	115	93
Augmentations.....	32	27	38	Augmentations.....	30	26	26
TOTAL.....	<u>\$ 46,670</u>	<u>\$ 47,629</u>	<u>\$ 46,736</u>	TOTAL.....	<u>\$ 62,342</u>	<u>\$ 64,179</u>	<u>\$ 64,500</u>
Muncy				Waymart			
State Funds.....	\$ 52,531	\$ 59,482	\$ 62,185	State Funds.....	\$ 64,725	\$ 74,068	\$ 75,494
Federal Funds.....	5,887	166	98	Federal Funds.....	8,028	238	219
Augmentations.....	34	35	35	Augmentations.....	22	23	25
TOTAL.....	<u>\$ 58,452</u>	<u>\$ 59,683</u>	<u>\$ 62,318</u>	TOTAL.....	<u>\$ 72,775</u>	<u>\$ 74,329</u>	<u>\$ 75,738</u>
Pine Grove				Community Centers			
State Funds.....	\$ 37,148	\$ 41,562	\$ 40,610	State Funds.....	\$ 103,608	\$ 104,275	\$ 110,503
Federal Funds.....	4,216	120	92	Federal Funds.....	3,084	1,784	1,240
Augmentations.....	9	9	9	Augmentations.....	636	548	643
TOTAL.....	<u>\$ 41,373</u>	<u>\$ 41,691</u>	<u>\$ 40,711</u>	TOTAL.....	<u>\$ 107,328</u>	<u>\$ 106,607</u>	<u>\$ 112,386</u>
Pittsburgh				Training Academy			
State Funds.....	\$ 53,171	\$ 61,985	\$ 62,813	State Funds.....	\$ 6,415	\$ 6,424	\$ 5,887
Federal Funds.....	5,910	11	0	Federal Funds.....	0	200	0
Augmentations.....	22	34	22	Augmentations.....	233	326	279
TOTAL.....	<u>\$ 59,103</u>	<u>\$ 62,030</u>	<u>\$ 62,835</u>	TOTAL.....	<u>\$ 6,648</u>	<u>\$ 6,950</u>	<u>\$ 6,166</u>
Quehanna Boot Camp				Central Office			
State Funds.....	\$ 16,429	\$ 19,647	\$ 20,712	State Funds.....	\$ 52,711	\$ 75,151	\$ 72,155
Federal Funds.....	2,290	94	89	Federal Funds.....	5,141	5,338	2,165
Augmentations.....	9	9	11	Augmentations.....	150	174	151
TOTAL.....	<u>\$ 18,728</u>	<u>\$ 19,750</u>	<u>\$ 20,812</u>	TOTAL.....	<u>\$ 58,002</u>	<u>\$ 80,663</u>	<u>\$ 74,471</u>
Retreat				Other jurisdictions			
State Funds.....	\$ 37,449	\$ 44,144	\$ 42,601	State Funds.....	\$ 47,844	\$ 27,942	\$ 12,573
Federal Funds.....	4,320	122	89	Federal Funds.....	0	0	0
Augmentations.....	17	20	20	Augmentations.....	0	0	0
TOTAL.....	<u>\$ 41,786</u>	<u>\$ 44,286</u>	<u>\$ 42,710</u>	TOTAL.....	<u>\$ 47,844</u>	<u>\$ 27,942</u>	<u>\$ 12,573</u>
Rockview							
State Funds.....	\$ 66,154	\$ 76,603	\$ 80,278				
Federal Funds.....	7,912	225	204				
Augmentations.....	63	62	66				
TOTAL.....	<u>\$ 74,129</u>	<u>\$ 76,890</u>	<u>\$ 80,548</u>				

Program: Institutionalization of Offenders (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Medical Care		State Correctional Institutions	
\$ -3,000	—nonrecurring 2011-12 budgetary freeze amount.	\$ -13,436	—nonrecurring 2011-12 budgetary freeze amount.
-21,155	—savings from reductions in contracted medical care costs and population.	-27,745	—administrative savings.
-732	—savings from anticipated legislative changes that will expand programs providing alternatives to incarceration and expand boot camp eligibility.	-24,670	—operational and process changes that will produce savings from reductions in population.
3,522	—to continue current program.	-2,856	—savings from anticipated legislative changes that will expand programs providing alternatives to incarceration and expand boot camp eligibility.
\$ -21,365	<i>Appropriation Decrease</i>	8,223	—salary increases to address corrections management pay compression.
		81,849	—to continue current program.
		\$ 21,365	<i>Appropriation Increase</i>

The General Government Operations and Inmate Education and Training appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 30,577	\$ 29,679	\$ 29,679	\$ 29,679	\$ 29,679	\$ 29,679	\$ 29,679
Medical Care	243,518	238,810	217,445	217,445	217,445	217,445	217,445
Inmate Education and Training.....	39,697	39,925	39,925	39,925	39,925	39,925	39,925
State Correctional Institutions.....	1,349,322	1,558,608	1,579,973	1,579,973	1,579,973	1,579,973	1,579,973
GENERAL FUND TOTAL	\$ 1,663,114	\$ 1,867,022	\$ 1,867,022	\$ 1,867,022	\$ 1,867,022	\$ 1,867,022	\$ 1,867,022

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Institutionalization of Offenders							
Total inmate population - excludes parolees	51,290	51,720	47,000	46,950	46,410	45,870	45,330
Inmates in institutions	47,572	48,930	44,110	44,060	43,520	42,980	42,440
Inmates in community corrections centers - excludes parolees	2,084	2,180	2,290	2,290	2,290	2,290	2,290
Prison operational bed capacity*	45,830	49,710	49,800	52,280	52,280	53,160	53,160
Percentage of capacity utilized**	112%	104%	94%	90%	89%	86%	85%
Inmates in state intermediate punishment program	771	830	830	850	875	900	950
Inmates employed or in educational programs	30,430	32,300	29,110	29,080	28,720	28,370	28,010
Hours worked in community works projects	552,315	567,310	525,310	541,070	556,680	572,740	589,260
Inmates enrolled in academic educational programs	8,881	9,050	8,960	9,050	9,140	9,230	9,320
Inmates enrolled in vocational programs	3,183	3,215	3,230	3,260	3,295	3,390	3,400
Inmates needing adult basic education or GED upon reception	21,237	24,150	20,290	20,270	20,020	19,770	19,520
Inmates receiving high school diplomas/GED's	1,536	1,565	1,600	1,630	1,665	1,695	1,730
Inmates assessed as having an alcohol or other drug problem	33,542	33,620	30,550	30,520	30,170	29,810	29,460
Inmates currently in alcohol or other drug treatment programs	3,703	3,930	3,930	3,930	3,930	3,930	3,930
Inmates who have completed alcohol or other drug treatment programs	9,976	10,650	10,650	10,650	10,650	10,650	10,650
Percentage of inmates testing positive for drug and alcohol use while in prison (random test)	0.16%	0.15%	0.15%	0.15%	0.15%	0.16%	0.16%
Monies collected from inmates to pay for victim restitution and other fines, fees, costs, penalties, and reparations	\$4,573,000	\$5,325,000	\$5,405,000	\$5,486,000	\$5,568,000	\$5,652,000	\$5,737,000
Cost per inmate per year (state funds)	\$31,431	\$35,188	\$36,629	\$38,488	\$38,730	\$39,185	\$39,651
Cost per inmate per year for health care (state funds)	\$4,748	\$4,637	\$4,405	\$4,629	\$4,658	\$4,713	\$4,769
Inmates to custody staff	5.40	5.40	5.30	4.90	4.80	4.80	4.80
Inmates to all Department of Corrections staff	3.20	3.20	3.10	2.90	2.90	2.90	2.80

*Bed capacity is reported differently beginning in 2011-12.

**New Program Measure

Although new correctional institutions are scheduled to open in 2013-14 and 2015-16 and replace an existing facility in 2015-16, capacity will be evaluated for future reductions depending upon the impact of ongoing savings initiatives.

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DEPARTMENT OF DRUG AND ALCOHOL PROGRAMS

The mission of the Department of Drug and Alcohol Programs is to provide education, intervention and treatment programs to reduce drug and alcohol abuse and dependency.

The Department of Drug and Alcohol Programs will develop and implement programs to reduce substance abuse and dependency through quality prevention, intervention, rehabilitation and treatment programs, to educate all population segments on the affect and dangers drug and alcohol abuse and dependency pose to public health and to mitigate the economic impact of substance abuse for the citizens of Pennsylvania.

The 2012-13 budget shows the Department of Drug and Alcohol Programs as a separate department. Previously, the Department of Drug and Alcohol Programs appropriations were shown in the Department of Health.

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Drug and Alcohol Programs

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 0	\$ 0	\$ 466
(F)SABG - Administration and Operation.....	8,203 ^a	8,203 ^a	8,203
(F)Substance Abuse Special Projects - Admin & Operation.....	554 ^a	648 ^a	903
Subtotal.....	<u>\$ 8,757</u>	<u>\$ 8,851</u>	<u>\$ 9,572</u>
Subtotal - State Funds.....	\$ 0	\$ 0	\$ 466
Subtotal - Federal Funds.....	8,757	8,851	9,106
Total - General Government.....	<u>\$ 8,757</u>	<u>\$ 8,851</u>	<u>\$ 9,572</u>
<i>Grants and Subsidies:</i>			
Assistance to Drug and Alcohol Programs.....	\$ 41,698 ^a	\$ 40,698 ^a	\$ 41,232
(F)SABG - Drug and Alcohol Services.....	54,123 ^a	54,188 ^a	54,188
(F)Substance Abuse Special Projects Grants.....	2,260 ^a	3,269 ^a	1,449
(F)Access to Recovery.....	1,963 ^a	3,746 ^a	4,033
(A)Community Restitution Payments.....	3 ^a	3 ^a	3
(A)State Stores Fund Transfer (EA).....	1,050 ^a	1,674 ^a	1,674
Subtotal - State Funds.....	\$ 41,698	\$ 40,698	\$ 41,232
Subtotal - Federal Funds.....	58,346	61,203	59,670
Subtotal - Augmentations.....	1,053	1,677	1,677
Total - Grants and Subsidies.....	<u>\$ 101,097</u>	<u>\$ 103,578</u>	<u>\$ 102,579</u>
STATE FUNDS.....	\$ 41,698	\$ 40,698	\$ 41,698
FEDERAL FUNDS.....	67,103	70,054	68,776
AUGMENTATIONS.....	1,053	1,677	1,677
GENERAL FUND TOTAL.....	<u>\$ 109,854</u>	<u>\$ 112,429</u>	<u>\$ 112,151</u>
OTHER FUNDS:			
COMPULSIVE GAMBLING TREATMENT FUND:			
Drug and Alcohol Treatment Services (EA).....	\$ 3,000 ^a	\$ 3,000 ^a	\$ 3,000
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 41,698	\$ 40,698	\$ 41,698
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	67,103	70,054	68,776
AUGMENTATIONS.....	1,053	1,677	1,677
OTHER FUNDS.....	3,000	3,000	3,000
TOTAL ALL FUNDS.....	<u>\$ 112,854</u>	<u>\$ 115,429</u>	<u>\$ 115,151</u>

^a Appropriated in the Department of Health.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
DRUG AND ALCOHOL ABUSE PREVENTION AND TREATMENT							
GENERAL FUND.....	\$ 41,698	\$ 40,698	\$ 41,698	\$ 41,698	\$ 41,698	\$ 41,698	\$ 41,698
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	67,103	70,054	68,776	68,776	68,776	68,776	68,776
OTHER FUNDS.....	4,053	4,677	4,677	4,677	4,677	4,677	4,677
SUBCATEGORY TOTAL.....	\$ 112,854	\$ 115,429	\$ 115,151	\$ 115,151	\$ 115,151	\$ 115,151	\$ 115,151
ALL PROGRAMS:							
GENERAL FUND.....	\$ 41,698	\$ 40,698	\$ 41,698	\$ 41,698	\$ 41,698	\$ 41,698	\$ 41,698
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	67,103	70,054	68,776	68,776	68,776	68,776	68,776
OTHER FUNDS.....	4,053	4,677	4,677	4,677	4,677	4,677	4,677
DEPARTMENT TOTAL.....	\$ 112,854	\$ 115,429	\$ 115,151	\$ 115,151	\$ 115,151	\$ 115,151	\$ 115,151

PROGRAM OBJECTIVE: To provide education, intervention and treatment programs to reduce drug and alcohol abuse and dependency.

Program: Drug and Alcohol Abuse Prevention and Treatment

Act 50 of 2010 transferred this program from the Department of Health to the Department of Drug and Alcohol Programs. The department will develop and implement a comprehensive state plan to reduce substance abuse and dependency through quality prevention, intervention, rehabilitation and treatment programs. The department will also educate all population segments on the effects of drug and alcohol abuse and the dangers abuse and dependency pose to public health. In this way the department will mitigate the economic impact of substance abuse on the citizens of Pennsylvania.

This program provides counties with funding to provide drug and alcohol services for Pennsylvanians who do not have insurance or resources to pay for treatment. Single County Authorities prepare prevention, intervention and treatment plans tailored to the needs of their respective geographic areas. The department approves these plans and formulates a statewide plan based on those findings.

Statewide prevention programs provide current information on the effects of drugs and alcohol and assist individuals in developing or improving skills that will enable them to choose a lifestyle free of substance abuse. This is done through educational sessions, workshops, media presentations and an information clearinghouse operated by the department. Primary emphasis has been given to youth, and a special curriculum is now used in all school

districts to address drug and alcohol problems.

Intervention services provide support to individuals affected by drug or alcohol problems. Services include information hotlines, drop-in centers, alcohol safety programs and employee assistance programs.

Surveys and inspections of drug and alcohol program facilities are conducted to determine compliance with state and federal standards and regulations and as a condition of receiving federal Medicare and Medicaid financial support.

Treatment services are funded in hospitals, prisons, shelters, residential units and outpatient programs. Treatment often consists of short-term detoxification followed by longer term rehabilitation. Most inpatient services are rendered in a non-hospital setting. Outpatient services may follow discharge from a residential program; however, many persons receive their initial treatment in an outpatient setting.

Drug and alcohol education and training programs are provided for substance abuse and human services professionals. Issues such as prevention, intervention and treatment are addressed through a variety of educational initiatives. This program also receives federal drug and alcohol program funds totaling \$60 million and \$3 million for drug and alcohol treatment services from the Compulsive and Problem Gambling Treatment Fund.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		GENERAL FUND
		General Government Operations
\$	466	—reflects administrative costs associated with managing the Department of Drug and Alcohol Programs.
		Assistance to Drug and Alcohol Programs
\$	534	—to continue current program.

In addition, this budget transfers \$68.8 million in federal funds, \$1.7 million in augmentation revenue from the State Stores Fund, and \$3 million for drug and alcohol treatment services from the Compulsive and Problem Gambling Treatment Fund from the Department of Health to the Department of Drug and Alcohol Programs.

Drug and Alcohol Programs

Program: Drug and Alcohol Abuse Prevention and Treatment (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 0	\$ 0	\$ 466	\$ 466	\$ 466	\$ 466	\$ 466
Assistance to Drug and Alcohol Programs	41,698	40,698	41,232	41,232	41,232	41,232	41,232
TOTAL GENERAL FUND	\$ 41,698	\$ 40,698	\$ 41,698	\$ 41,698	\$ 41,698	\$ 41,698	\$ 41,698

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Drug and Alcohol Abuse Prevention and Treatment							
Admissions to treatment	76,930	76,145	75,360	74,575	73,790	73,790	73,790
Average length of outpatient treatment (days)	65	65	65	65	65	65	65
Average length of inpatient treatment (days)	15	15	15	15	15	15	15
Licensure and/or Federal Certification Surveys Completed							
Residential drug and alcohol programs licensed/approved	179	179	179	179	179	179	179
Nonresidential drug and alcohol programs licensed/approved	495	495	495	495	495	495	495

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DEPARTMENT OF EDUCATION

The mission of the department is to academically prepare children and adults to succeed as productive citizens. The department seeks to ensure that the technical support, resources and opportunities are in place for all students, whether children or adults, to receive a high quality education.

The department establishes standards and measures aimed at continuous improvement of school curriculum. The department manages staff development and research dissemination systems to ensure that all educational institutions can select from proven practices to boost student achievement. Local school districts, school boards and other educational institutions receive technical assistance from the department via a network of Intermediate Units. The department supports the improvement of Pennsylvania's higher education and community colleges via educational programs, funding to support students and direct resources for facility development.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 25,782	\$ 23,963	\$ 23,414
(F)Adult Basic Education - Administration.....	1,400	1,600	1,987
(F)Education of Exceptional Children.....	10,000	10,000	10,000
(F)Special Education - State Personnel Development.....	2,500	2,500	394
(F)ESEA - Title I - Administration.....	8,000	8,000	8,000
(F)State Approving Agency (VA).....	1,400	1,400	1,400
(F)Food and Nutrition Service.....	6,554	7,639	8,357
(F)Migrant Education - Administration.....	600	600	600
(F)Vocational Education - Administration.....	3,910	3,910	3,910
(F)Improving Teacher Quality - Title II - Administration/State.....	5,400	5,400	5,400
(F)Byrd Scholarships.....	1,575	1,575	0
(F)Homeless Assistance.....	3,426	3,426	3,426
(F)Preschool Grant.....	0	687	687
(F)DFSC - Administration.....	450	0	0
(F)School Health Education Programs.....	600	450	450
(F)Learn and Serve America - School Based.....	970	970	0
(F)Environmental Education Workshops.....	140	150	150
(F)Charter Schools Initiatives.....	400	8,000	8,000
(F)Educational Technology - Administration.....	800	350	36
(F)Advanced Placement Testing.....	379	600	600
(F)Medical Assistance - Nurses' Aide Training.....	300	300	300
(F)State and Community Highway Safety.....	1,200	1,200	1,205
(F)Reading First Initiative - Administration.....	4,000	0	0
(F)Title IV - 21st Century Community Learning Centers - Admin.....	4,000	4,000	4,000
(F)National Assessment of Educational Progress (NAEP).....	200	148	148
(F)Striving Readers.....	0	50,156	50,156
(F)Refugee School Impact Development (EA).....	1,000	425	450
(F)Even Start - Migrant Education.....	400	400	0
(F)Migrant Education Coordination Program.....	100	100	100
(F)College Access Challenge Grant Program.....	4,431	6,494	4,233
(F)Jacob Javits Gifted and Talented Students.....	394	0	0
(F)School Improvement Grants.....	60,000	60,000	60,000
(F)Foreign Language Assistance.....	400	400	400
(F)Supplemental Services for Recently Arrived Refugees.....	500	0	0
(F)Fulbright-Hays Group Project Abroad.....	90	0	0
(F)Bridge Grant.....	185	163	0
(F)School Climate Initiative.....	5,800	0	0
(A)Management Services.....	6	5	6
(A)Environmental Education.....	261	261	261
(A)Approved Private Schools.....	464	460	458
(A)National Center for Educational Statistics.....	0	104	104
(A)Teenage Parenting.....	4,786	1,947	1,947
(A)EPSDT Administration.....	1,180	1,250	1,250
(A)Services to Nonpublic Schools - Administration.....	867	864	864
(A)School Facilities Initiatives.....	125	175	100
(A)International Educators Training.....	4	0	0
(A)National Assn. of State Boards of Education.....	20	20	20
(A)Environmental & Ecology Reading.....	4	0	0
(A)Right To Know.....	1	0	0
(A)Teacher of the Year.....	5	5	5
Subtotal.....	<u>\$ 165,009</u>	<u>\$ 210,097</u>	<u>\$ 202,818</u>
Information and Technology Improvement.....	2,466	4,223	4,181
(F)Statewide Data Systems.....	3,446	2,814	188
(F)ARRA - Statewide Longitudinal Data Systems.....	20,000	9,284	3,371

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
PA Assessment	31,981	36,590	52,191
(F)Title VI - Part A State Assessments.....	17,000	18,140	16,000
(F)Grants for Enhanced Assessment Instruments.....	3,500	6,383	0
(A)DRC License Fees.....	0	350	100
Subtotal.....	<u>\$ 78,393</u>	<u>\$ 77,784</u>	<u>\$ 76,031</u>
State Library	2,203	2,060	1,946
(F)LSTA - Library Development.....	8,459	8,131	8,432
(F)National Endowment for the Humanities.....	0	0	268
(A)Penalties and Reimbursements.....	3	3	3
(A)Photocopy Service.....	8	8	8
(A)Keystone Fund.....	78	81	85
(A)Catalog Services.....	17	0	0
Subtotal.....	<u>\$ 10,768</u>	<u>\$ 10,283</u>	<u>\$ 10,742</u>
Subtotal - State Funds.....	\$ 62,432	\$ 66,836	\$ 81,732
Subtotal - Federal Funds.....	183,909	225,795	202,648
Subtotal - Augmentations.....	7,829	5,533	5,211
Total - General Government.....	<u>\$ 254,170</u>	<u>\$ 298,164</u>	<u>\$ 289,591</u>
Institutional:			
Youth Development Centers - Education.....	\$ 10,405	\$ 10,500	\$ 10,185
Grants and Subsidies:			
Support of Public Schools:			
Student Achievement Education Block Grant	\$ 5,864,195 a	\$ 6,494,264 a	\$ 6,516,087
(F)ARRA - Fiscal Stabilization - Basic Education.....	654,747	0	0
(F)Education Jobs Fund.....	387,816	0	0
Basic Ed Formula Enhancements	1,946	0	0
Dual Enrollment Payments	6,827	0	0
School Improvement Grants	10,592	0	0
Pennsylvania Accountability Grants	354,526	0	0
Pre-K Counts	83,620	82,784	78,645
Head Start Supplemental Assistance	37,655	37,278	35,414
Education Assistance Program	46,701	0	0
Science: It's Elementary	6,779	0	0
Mobile Science Education Program	1,570	650	0
Teacher Professional Development	21,153	7,177	6,459
(A)Governor's Institute - Professional Development.....	108	118	118
Adult and Family Literacy	14,604	12,289	11,675
(F)Adult Basic Education - Local.....	19,000	21,000	21,605
Career and Technical Education	73,444 b	73,443 b	74,532
(F)Vocational Education Act - Local.....	53,000	53,000	45,000
Authority Rentals and Sinking Fund Requirements	314,937	296,198	296,198
Special Education	1,026,815	1,026,815	1,026,815
(F)Individuals with Disabilities Education - Local.....	425,823	430,000	435,000
(F)ARRA - Individuals with Disabilities Education - Local.....	213,482	37,600	0
Early Intervention	180,642	198,116	206,173
(F)Individuals with Disabilities Education.....	16,000	16,000	16,000
(F)ARRA - Individuals with Disabilities Education.....	7,545	3,771	0
Tuition for Orphans and Children Placed in Private Homes	56,729	56,655	58,610
Payments in Lieu of Taxes	188	194	194
Education of Migrant Laborers' Children	1,067	898	853
PA Charter Schools for the Deaf and Blind	39,401	39,401	39,401
Special Education - Approved Private Schools	98,098	98,098	98,098
Intermediate Units	4,671	0	0
School Food Services	29,492	30,525	31,259
(F)Food and Nutrition - Local.....	504,527	534,799	566,887
(F)ARRA - Food and Nutrition - Local.....	250	0	0
School Nutrition Incentive Program	2,821	3,327	0

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
School Employees' Retirement	287,562	600,172	916,052
(A)Tobacco Endowment Account for Long-Term Hope.....	121,000	0	0
School Entity Demonstration Projects	589	0	0
High School Reform	1,729	0	0
Subtotal.....	<u>\$ 10,971,651</u>	<u>\$ 10,154,572</u>	<u>\$ 10,481,075</u>
(F)ESEA - Title I - Local.....	680,000	625,000	625,000
(F)ARRA - ESEA - Title I - Local.....	96,001	35,127	0
(F)DFSC - School Districts.....	10,076	230	0
(F)Improving Teacher Quality - Title II - Local.....	152,000	130,000	130,000
(F)Educational Technology - Local.....	9,000	6,288	720
(F)Reading First Initiative - Local.....	4,291	0	0
(F)Title IV 21st Century Community Learning Centers - Local.....	50,000	50,000	50,000
(F)Title III - Language Instruction for LEP & Immigrant Student.....	16,532	20,000	20,000
(F)Title VI - Rural & Low Income School - Local.....	1,300	1,550	1,550
(F)Adult Basic Education Services (EA).....	6,000	0	0
(F)ARRA - School Improvement Programs - Education Technology.....	23,500	2,860	0
(F)ARRA - ESEA - Title I - School Improvement.....	110,000	75,000	50,000
(F)ARRA - Education for Homeless Children and Youths.....	375	0	0
(F)Race to the Top.....	0	500 ^c	41,500
(F)TANF - Teenage Parenting Education (EA).....	12,255	11,094	11,094
(F)Teenage Parenting - Food Stamps (EA).....	863	863	863
Subtotal.....	<u>\$ 1,172,193</u>	<u>\$ 958,512</u>	<u>\$ 930,727</u>
Other Grants and Subsidies:			
Lifelong Learning	809	0	0
Services to Nonpublic Schools	86,673	86,384	82,065
Textbooks, Materials and Equipment for Nonpublic Schools	26,507	26,278	24,964
Public Library Subsidy	53,513	53,507	50,832
Library Services for the Visually Impaired and Disabled	2,729	2,702	2,567
Recording for the Blind and Dyslexic	68	0	0
Library Access	3,000	2,970	2,821
Job Training Programs	3,377	4,800	0
Reimbursement of Charter Schools	219,825	0	0
Safe School Initiative	0	2,128	2,022
Subtotal.....	<u>\$ 396,501</u>	<u>\$ 178,769</u>	<u>\$ 165,271</u>
Higher Education - Other Grants and Subsidies:			
Community Colleges	232,816^d	230,727^d	221,926
(F)ARRA - Fiscal Stabilization - Higher Education.....	21,524	0	0
Transfer to Community College Capital Fund	46,369	46,369	46,369
Regional Community Colleges Services	557	700	0
Higher Education Assistance	1,226	0	0
Community Education Councils	1,373	1,200	1,080
Medical College in NE PA	3,777	0	0
Thaddeus Stevens College of Technology	8,550	10,332	10,332
(F)ARRA - Fiscal Stabilization - Higher Education.....	2,326	0	0
Subtotal.....	<u>\$ 318,518</u>	<u>\$ 289,328</u>	<u>\$ 279,707</u>
State System of Higher Education:			
State Universities	444,470	412,751	330,201
(F)ARRA - Fiscal Stabilization - Higher Education.....	38,158	0	0
Recruitment of the Disadvantaged	446	0	0
PA Center for Environmental Education (PCEE)	368	0	0
McKeever Center	213	0	0

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
Affirmative Action	1,152	0	0
Program Initiatives	18,548	0	0
Subtotal.....	\$ 503,355	\$ 412,751	\$ 330,201
The Pennsylvania State University:			
General Support	304,449	214,110	149,877
(F)ARRA - Fiscal Stabilization - General Support.....	15,115	0	0
Pennsylvania College of Technology	13,623	13,584	13,584
(F)ARRA - Fiscal Stabilization - PA College of Technology.....	676	0	0
Subtotal.....	\$ 333,863	\$ 227,694	\$ 163,461
University of Pittsburgh:			
General Support	160,490	133,993	93,795
(F)ARRA - Fiscal Stabilization - General Support.....	7,505	0	0
Rural Education Outreach	0	2,083	1,458
Subtotal.....	\$ 167,995	\$ 136,076	\$ 95,253
Temple University:			
General Support	164,974	139,917	97,942
(F)ARRA - Fiscal Stabilization - General Support.....	7,763	0	0
Subtotal.....	\$ 172,737	\$ 139,917	\$ 97,942
Lincoln University:			
General Support	13,623	11,163	11,163
(F)ARRA - Fiscal Stabilization - General Support.....	159	0	0
Subtotal.....	\$ 13,782	\$ 11,163	\$ 11,163
Subtotal - State Funds.....	\$ 10,381,878	\$ 10,453,982	\$ 10,539,463
Subtotal - Federal Funds.....	3,547,609	2,054,682	2,015,219
Subtotal - Augmentations.....	121,108	118	118
Total - Grants and Subsidies.....	\$ 14,050,595	\$ 12,508,782	\$ 12,554,800
STATE FUNDS.....	\$ 10,454,715	\$ 10,531,318	\$ 10,631,380
FEDERAL FUNDS.....	3,731,518	2,280,477	2,217,867
AUGMENTATIONS.....	128,937	5,651	5,329
GENERAL FUND TOTAL	\$ 14,315,170	\$ 12,817,446	\$ 12,854,576
MOTOR LICENSE FUND:			
<i>Grants and Subsidies:</i>			
Safe Driving Course.....	\$ 1,103	\$ 1,103	\$ 1,103
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
<i>Grants and Subsidies:</i>			
Local Libraries Rehabilitation and Development (EA).....	\$ 2,050	\$ 1,521	\$ 1,859
SSHE - Deferred Maintenance (EA).....	0	6,844	0 ^e
Total - Grants and Subsidies.....	\$ 2,050	\$ 8,365	\$ 1,859
KEYSTONE RECREATION, PARK AND CONSERVATION FUND TOTAL	\$ 2,050	\$ 8,365	\$ 1,859

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
OTHER FUNDS:			
GENERAL FUND:			
Private Licensed Schools.....	\$ 723	\$ 908	\$ 741
Empowerment School Districts.....	4,500	4,500	4,500
Medical Assistance Reimbursements.....	128,541	240,000	185,000
GENERAL FUND TOTAL.....	\$ 133,764	\$ 245,408	\$ 190,241
COMMUNITY COLLEGE CAPITAL FUND:			
Community College Capital.....	\$ 0 ^f	\$ 0 ^f	\$ 0 ^f
EDUCATION TECHNOLOGY FUND:			
Broadband Technology Services (EA).....	\$ 9,790	\$ 0	\$ 0
Administration (EA).....	210	0	0
EDUCATION TECHNOLOGY FUND TOTAL.....	\$ 10,000	\$ 0	\$ 0
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND:			
Governor Casey Organ and Tissue Donation Awareness Fund (EA).....	\$ 200	\$ 200	\$ 200
PROPERTY TAX RELIEF FUND:			
Property Tax Relief Payments (EA).....	\$ 616,500	\$ 612,100	\$ 612,100
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 10,454,715	\$ 10,531,318	\$ 10,631,380
SPECIAL FUNDS.....	3,153	9,468	2,962
FEDERAL FUNDS.....	3,731,518	2,280,477	2,217,867
AUGMENTATIONS.....	128,937	5,651	5,329
OTHER FUNDS.....	760,464	857,708	802,541
TOTAL ALL FUNDS.....	\$ 15,078,787	\$ 13,684,622	\$ 13,660,079

^a 2010-11 Actual includes \$4,733,523,000 appropriated as Basic Education Funding, \$533,355,000 appropriated as Pupil Transportation, \$76,205,000 appropriated as Nonpublic and Charter School Pupil Transportation and \$521,112,000 appropriated as part of School Employees' Social Security. 2011-12 Available includes \$5,354,629,000 appropriated as Basic Education Funding, \$537,958,000 appropriated as Pupil Transportation, \$76,640,000 appropriated as Nonpublic and Charter School Pupil Transportation and \$525,037,000 appropriated as part of School Employees' Social Security.

^b 2010-11 Actual includes \$62,000,000 appropriated as Career and Technical Education and \$11,444,000 appropriated as part of School Employees' Social Security. 2011-12 Available includes \$62,000,000 appropriated as Career and Technical Education and \$11,443,000 appropriated as part of School Employees' Social Security.

^c Includes recommended supplemental appropriation of \$500,000.

^d 2010-11 Actual includes \$214,217,000 appropriated as Community Colleges and \$18,599,000 appropriated as part of School Employees' Social Security and 2011-12 Available includes \$212,167,000 appropriated as Community Colleges and \$18,560,000 appropriated as part of School Employees' Social Security.

^e The 2012-13 budget proposes to redirect the State System of Higher Education's share of funding from the Keystone Recreation, Park and Conservation Fund to the General Fund.

^f Not added to the total to avoid double counting: 2010-11 Actual is \$46,369,000, 2011-12 Available is \$46,369,000, and 2012-13 Budget is \$46,369,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
EDUCATION SUPPORT SERVICES							
GENERAL FUND.....	\$ 28,248	\$ 28,186	\$ 27,595	\$ 27,595	\$ 27,595	\$ 27,595	\$ 27,595
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	94,950	133,141	117,948	117,724	114,353	114,353	114,353
OTHER FUNDS.....	8,446	5,999	5,756	5,756	5,756	5,756	5,756
SUBCATEGORY TOTAL.....	\$ 131,644	\$ 167,326	\$ 151,299	\$ 151,075	\$ 147,704	\$ 147,704	\$ 147,704
BASIC EDUCATION							
GENERAL FUND.....	\$ 8,947,930	\$ 9,224,964	\$ 9,567,892	\$ 9,970,094	\$ 10,427,462	\$ 10,913,871	\$ 11,184,595
SPECIAL FUNDS.....	1,103	1,103	1,103	1,103	1,103	1,103	1,103
FEDERAL FUNDS.....	3,534,883	2,139,205	2,091,219	2,007,764	1,998,999	1,998,999	1,998,999
OTHER FUNDS.....	880,849	857,268	802,018	802,018	802,018	802,018	802,018
SUBCATEGORY TOTAL.....	\$ 13,364,765	\$ 12,222,540	\$ 12,462,232	\$ 12,780,979	\$ 13,229,582	\$ 13,715,991	\$ 13,986,715
LIBRARY SERVICES							
GENERAL FUND.....	\$ 61,513	\$ 61,239	\$ 58,166	\$ 58,166	\$ 58,166	\$ 58,166	\$ 58,166
SPECIAL FUNDS.....	2,050	1,521	1,859	2,248	2,619	2,946	3,079
FEDERAL FUNDS.....	8,459	8,131	8,700	8,700	8,700	8,700	8,700
OTHER FUNDS.....	106	92	96	96	96	96	96
SUBCATEGORY TOTAL.....	\$ 72,128	\$ 70,983	\$ 68,821	\$ 69,210	\$ 69,581	\$ 69,908	\$ 70,041
HIGHER EDUCATION							
GENERAL FUND.....	\$ 1,417,024	\$ 1,216,929	\$ 977,727	\$ 977,727	\$ 977,727	\$ 977,727	\$ 977,727
SPECIAL FUNDS.....	0	6,844	0	0	0	0	0
FEDERAL FUNDS.....	93,226	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 1,510,250	\$ 1,223,773	\$ 977,727	\$ 977,727	\$ 977,727	\$ 977,727	\$ 977,727
ALL PROGRAMS:							
GENERAL FUND.....	\$ 10,454,715	\$ 10,531,318	\$ 10,631,380	\$ 11,033,582	\$ 11,490,950	\$ 11,977,359	\$ 12,248,083
SPECIAL FUNDS.....	3,153	9,468	2,962	3,351	3,722	4,049	4,182
FEDERAL FUNDS.....	3,731,518	2,280,477	2,217,867	2,134,188	2,122,052	2,122,052	2,122,052
OTHER FUNDS.....	889,401	863,359	807,870	807,870	807,870	807,870	807,870
DEPARTMENT TOTAL.....	\$ 15,078,787	\$ 13,684,622	\$ 13,660,079	\$ 13,978,991	\$ 14,424,594	\$ 14,911,330	\$ 15,182,187

PROGRAM OBJECTIVE: To provide an effective administrative system through which the substantive programs of the agency can be achieved.

Program: Education Support Services

Education Support Services provides for the administrative and overhead systems that support the operation of programs necessary for the achievement of Department of Education and commonwealth objectives. The success or failure of these supportive efforts can only be indirectly reflected by the effectiveness of the activities they support. The department seeks to minimize these administrative costs in relation to the costs of services provided. As part of its efforts to control administrative costs, the department continues to enhance its information technology support of program and fiscal applications

permitting departmental employees to perform their responsibilities in a more efficient and effective manner.

In addition to providing operational support to the executive, budget, communications and legal offices of the department, this program also provides staff support to the State Board of Education and other administrative boards and commissions. These include boards for private, academic, business, trade and correspondence schools, and the Professional Standards and Practices Commission.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND			Information and Technology Improvement
General Government Operations		\$ 1,500	—Initiative—Child Accounting - Real-Time Data Collection. To revise current departmental and school district reporting systems to reflect real-time child counts and attendance records.
\$ -719	—nonrecurring 2011-12 budgetary freeze amount.		
170	—Initiative—School Report Card. To develop a system which assesses all public schools in three areas: academic performance, school safety and fiscal strength.	-1,500	—reduction to reflect federal Race to the Top funding for updating and enhancing data collection.
179	—Initiative—Child Accounting - Real-Time Data Collection. To revise current departmental and school district reporting systems to reflect real-time child counts and attendance records.	-42	—nonrecurring 2011-12 budgetary freeze amount.
-179	—funding reallocation.	\$ -42	<i>Appropriation Decrease</i>
<u>\$ -549</u>	<i>Appropriation Decrease</i>		

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 25,782	\$ 23,963	\$ 23,414	\$ 23,414	\$ 23,414	\$ 23,414	\$ 23,414
Information and Technology Improvement	2,466	4,223	4,181	4,181	4,181	4,181	4,181
TOTAL GENERAL FUND	<u>\$ 28,248</u>	<u>\$ 28,186</u>	<u>\$ 27,595</u>	<u>\$ 27,595</u>	<u>\$ 27,595</u>	<u>\$ 27,595</u>	<u>\$ 27,595</u>

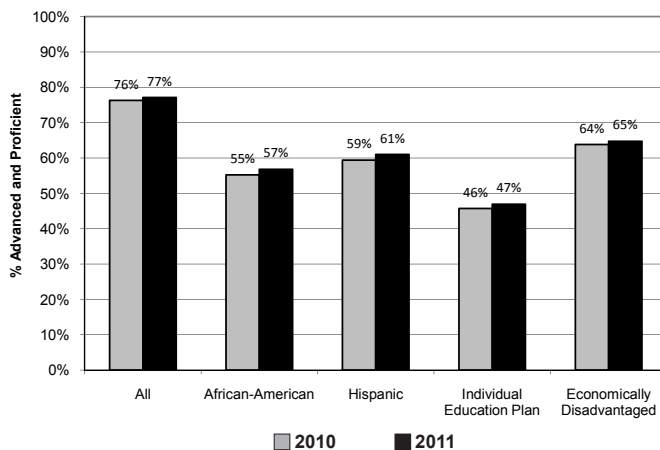
PROGRAM OBJECTIVE: To provide students with the skills, attitudes and abilities needed for effective living in our complex society.

Program: PreK–12 Education (Basic Education)

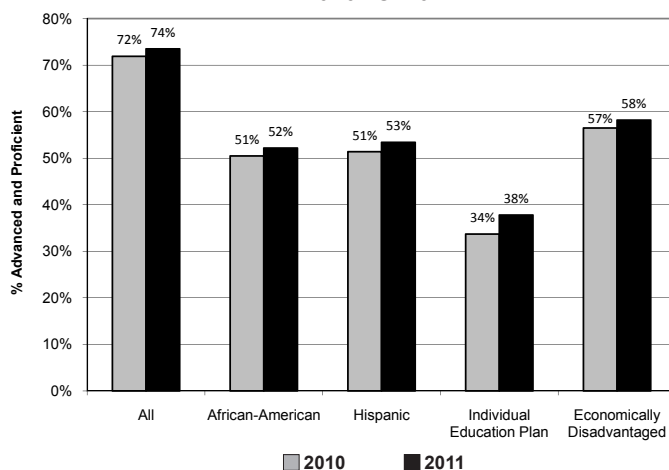
Program Element: PreK-12 Education (Basic Education)

Pennsylvania's preK-12 education system is designed to provide every child in the commonwealth with the skills they need to be active citizens and future leaders in our global economy. In 2010-11, 77 percent of Pennsylvania's students met the state standards in math, and 74 percent met the state standards in reading.

Percent of PA Students Meeting State Standards in Math 2010 vs. 2011



Percent of PA Students Meeting State Standards in Reading 2010 vs. 2011



Program Element: Student Achievement Education Block Grant

The commonwealth and local school districts share the financing of public elementary and secondary education

in Pennsylvania. There are 500 local school districts, each governed by a locally elected school board that is responsible for the administration of the public schools in the district. Funding provided to the school districts by the commonwealth supplements the funds raised locally.

The Student Achievement Education Block Grant for basic education redesigns school and district funding to support school district decision makers and encourage high-performance and cost-effective management. As a part of this effort, the commonwealth is repealing outdated and time-consuming bureaucratic processes and retaining accountability measures. Decision-making authority would rest with the local school district administrators and school boards who will have more flexibility to determine where the funds are most needed in their district and how to prioritize spending within available resources.

Program Element: Early Childhood Learning

Early learning for Pennsylvania's youngest children is crucial for both their short-term and long-term success. The benefits of a strong foundation in early childhood education has been recognized as one of the best economic development investments that a state can make. Early childhood programs supported through the Department of Education appropriations include:

Pre-K Counts. This program provides high-quality early childhood education to about 11,400 Pennsylvania children in diverse settings, ranging from school-based programs to Keystone STARS child care centers. In 2009-10, third-year outcomes revealed that nearly every child (over 98 percent) showed age-appropriate or emerging age-appropriate proficiency in literacy, numeracy and social skills after participating in the Pre-K Counts program.

Head Start. Pennsylvania's Head Start Supplemental Assistance Program is based on the federal model of Head Start, providing services to three and four-year-old children and their families with family incomes up to 130 percent of the federal poverty guidelines. The Head Start model provides comprehensive education, health, nutrition and parent involvement services. This program has demonstrated a positive impact for children with personal and social development challenges

Program Element: Transforming Pennsylvania's High Schools

It is critically important that all Pennsylvania students graduate from high school, college or career ready. The commonwealth strives to create high school environments that are rigorous, results-focused, data informed and personalized in a way that is seamlessly supported by systems, resources, technology and shared leadership.

Program: PreK–12 Education (continued)

In order to improve student achievement, the Standards Aligned System (SAS) has been implemented to provide a portal for educator and parent access to curriculum, assessment information and tools, and instructional resources. Resources will be made available on the SAS portal to assist them in addressing shortfalls identified as part of the School Report Card Initiative.

Career and Technical Education. Career and Technical Education serves approximately 70,000 secondary students enrolled in approved career and technical education programs at school districts, charter schools and career and technical centers. Consistent with the SAEBG, the career and technical centers will receive the state's portion of social security payments as part of this appropriation. Career and Technical Education provides a rigorous high school education to students while delivering skilled technical education designed with input from incumbent workers and employers in high-demand employment fields. Wherever possible, students earn real-world, industry-based certifications at the end of their programs, which enhance their employment opportunities.

Program Element: Special Education

Special education serves approximately 270,000 school-aged students in Pennsylvania school districts, charter schools, intermediate units, approved private schools and private residential facilities (excluding gifted students).

The special education appropriation provides support for programs for students with disabilities served by the public schools of the commonwealth. Public school special education programs are administered by all school districts and charter schools. These programs may be directly operated by the districts or contracted with other school districts, intermediate units or other providers. If appropriate public education is not available, Individualized Education Plan teams may determine an appropriate public education can only be provided by department-approved private schools or other private agency.

Funds are also provided for Early Intervention and Approved Private Schools/Charter Schools for the Deaf and Blind.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND</p> <p>PA Assessment</p> <p>\$ 301 —Initiative—School Report Card. To develop a system which assesses all public schools in three areas: academic performance, school safety and fiscal strength.</p> <p>–100 —reduction to reflect federal Race to the Top funding for accessing and utilizing commonwealth data.</p> <p>15,400 —to provide revisions to the Keystone Exams program.</p> <hr/> <p>\$ 15,601 <i>Appropriation Increase</i></p> <p>Youth Development Centers — Education</p> <p>\$ –315 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>Student Achievement Education Block Grant</p> <p>\$ 22,044 —Initiative—Student Achievement Education Block Grant. To redesign school and district funding to provide flexibility that allows decision-making to rest with the local school district administrators and local school boards.</p> <p>–221 —elimination of social security payments for miscellaneous organizations.</p> <hr/> <p>\$ 21,823 <i>Appropriation Increase</i></p> <p>Pre-K Counts</p> <p>\$ –2,600 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>–1,539 —reduction in cost to administer program.</p> <hr/> <p>\$ –4,139 <i>Appropriation Decrease</i></p>	<p>\$ –1,864</p> <p>\$ –650</p> <p>\$ 3,717</p> <hr/> <p>–2,817</p> <p>–900</p> <p>–718</p> <hr/> <p>\$ –718</p> <p>\$ –614</p> <p>\$ 1,089</p> <p>\$ 8,057</p>	<p>Head Start Supplemental Assistance</p> <p>—nonrecurring 2011-12 budgetary freeze amount.</p> <p>Mobile Science Education Program</p> <p>—funding elimination.</p> <p>Teacher Professional Development</p> <p>—Initiative—Teacher and Principal Evaluation. To continue implementation of a new teacher and principal evaluation tool which includes measures of practice and student achievement.</p> <p>—reduction to reflect federal Race to the Top funding for implementing teacher and principal evaluations.</p> <p>—funding reallocation.</p> <p>—nonrecurring 2011-12 budgetary freeze amount.</p> <p><i>Appropriation Decrease</i></p> <p>Adult and Family Literacy</p> <p>—nonrecurring 2011-12 budgetary freeze amount.</p> <p>Career and Technical Education</p> <p>—reflects incorporating the school employees' social security payments into this appropriation.</p> <p>Early Intervention</p> <p>—Initiative—Improving Student Achievement. To expand early intervention services to 1,500 additional children from ages 3 through 5.</p>
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Program: PreK–12 Education (Basic Education) (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Tuition for Orphans and Children Placed in Private Homes</p> <p>\$ -135 —nonrecurring 2011-12 budgetary freeze amount.</p> <p><u>2,090</u> —to continue current program.</p> <p>\$ 1,955 <i>Appropriation Increase</i></p>	<p>Education of Migrant Laborers' Children</p> <p>\$ -45 —nonrecurring 2011-12 budgetary freeze amount.</p>	<p>School Food Services</p> <p>\$ -305 —nonrecurring 2011-12 budgetary freeze amount.</p> <p><u>1,039</u> —to continue current program.</p> <p>\$ 734 <i>Appropriation Increase</i></p>	<p>School Nutrition Incentive Program</p> <p>\$ -3,327 —program elimination.</p>	<p>\$ 315,880</p>	<p>School Employees' Retirement</p> <p>—to provide funding at the actuarially determined employer contribution rate.</p>	<p>\$ -4,319</p>	<p>Services to Nonpublic Schools</p> <p>—nonrecurring 2011-12 budgetary freeze amount.</p>	<p>\$ -1,314</p>	<p>Textbooks, Materials and Equipment for Nonpublic Schools</p> <p>—nonrecurring 2011-12 budgetary freeze amount.</p>	<p>\$ -4,800</p>	<p>Job Training Programs</p> <p>—funding elimination.</p>	<p>\$ -106</p>	<p>Safe School Initiative</p> <p>—nonrecurring 2011-12 budgetary freeze amount.</p>
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Student Achievement Education Block Grant (SAEBG)

Initiative—Student Achievement Education Block Grant (SAEBG). To increase spending flexibility by lessening programmatic and reporting requirements and block granting the majority of state funds. The SAEBG includes: basic education funding – \$5.35 billion; pupil transportation – \$542.3 million (includes Intermediate Unit special education transportation funds); nonpublic and charter transportation – \$77.7 million; and social security – \$504.76 million to school districts and \$36.8 million to intermediate units in order to encourage prioritization and innovative decision-making by local school administrators and local directors of school boards.

Career and Technical Education

To increase spending flexibility by lessening reporting requirements and support local decision-making, the Career and Technical Education appropriation includes \$12.5 million for school employees social security.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
PA Assessment.....	\$ 31,981	\$ 36,590	\$ 52,191	\$ 52,191	\$ 52,191	\$ 52,191	\$ 52,191
Youth Development Centers - Education ..	10,405	10,500	10,185	10,185	10,185	10,185	10,185
Student Achievement Education Block Grant.....	5,864,195	6,494,264	6,516,087	6,516,087	6,516,087	6,516,087	6,516,087
Basic Ed Formula Enhancements	1,946	0	0	0	0	0	0
Dual Enrollment Payments	6,827	0	0	0	0	0	0
School Improvement Grants.....	10,592	0	0	0	0	0	0
Pennsylvania Accountability Grants	354,526	0	0	0	0	0	0
Pre-K Counts.....	83,620	82,784	78,645	78,645	78,645	78,645	78,645
Head Start Supplemental Assistance	37,655	37,278	35,414	35,414	35,414	35,414	35,414
Education Assistance Program.....	46,701	0	0	0	0	0	0
Science: It's Elementary	6,779	0	0	0	0	0	0
Mobile Science Education Program	1,570	650	0	0	0	0	0

Program: PreK–12 Education (Basic Education) (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND: (continued)							
Teacher Professional Development.....	\$ 21,153	\$ 7,177	\$ 6,459	\$ 6,459	\$ 6,459	\$ 6,459	\$ 6,459
Adult and Family Literacy	14,604	12,289	11,675	11,675	11,675	11,675	11,675
Career and Technical Education.....	73,444	73,443	74,532	74,532	74,532	74,532	74,532
Authority Rentals and Sinking Fund Requirements.....	314,937	296,198	296,198	296,198	296,198	296,198	296,198
Special Education.....	1,026,815	1,026,815	1,026,815	1,026,815	1,026,815	1,026,815	1,026,815
Early Intervention.....	180,642	198,116	206,173	206,173	206,173	206,173	206,173
Tuition for Orphans and Children Placed in Private Homes	56,729	56,655	58,610	58,610	58,610	58,610	58,610
Payments in Lieu of Taxes.....	188	194	194	194	194	194	194
Education of Migrant Laborers' Children ...	1,067	898	853	853	853	853	853
PA Charter Schools for the Deaf and Blind Special Education - Approved Private Schools	39,401	39,401	39,401	39,401	39,401	39,401	39,401
Intermediate Units	98,098	98,098	98,098	98,098	98,098	98,098	98,098
School Food Services.....	4,671	0	0	0	0	0	0
School Nutrition Incentive Program.....	29,492	30,525	31,259	31,259	31,259	31,259	31,259
School Employees' Retirement	2,821	3,327	0	0	0	0	0
School Entity Demonstration Projects	287,562	600,172	916,052	1,318,254	1,775,622	2,262,031	2,532,755
High School Reform	589	0	0	0	0	0	0
Lifelong Learning	1,729	0	0	0	0	0	0
Services to Nonpublic Schools.....	809	0	0	0	0	0	0
Textbooks, Materials and Equipment for Nonpublic Schools	86,673	86,384	82,065	82,065	82,065	82,065	82,065
Job Training Programs	26,507	26,278	24,964	24,964	24,964	24,964	24,964
Reimbursement of Charter Schools	3,377	4,800	0	0	0	0	0
Safe School Initiative.....	219,825	0	0	0	0	0	0
	0	2,128	2,022	2,022	2,022	2,022	2,022
TOTAL GENERAL FUND	\$ 8,947,930	\$ 9,224,964	\$ 9,567,892	\$ 9,970,094	\$ 10,427,462	\$ 10,913,871	\$ 11,184,595
MOTOR LICENSE FUND:							
Safe Driving Course	\$ 1,103	\$ 1,103	\$ 1,103	\$ 1,103	\$ 1,103	\$ 1,103	\$ 1,103

PROGRAM OBJECTIVE: To provide and improve library services to citizens of the commonwealth, special libraries and government agencies and employees.

Program: Library Services

The proposed 2012-13 budget offers a variety of valued public library services to all Pennsylvanians.

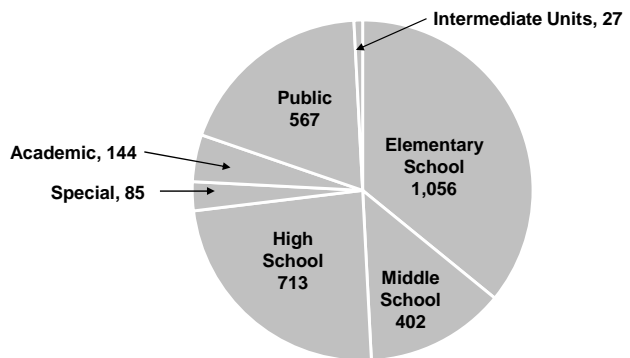
Public Library Subsidy. The commonwealth helps defray the cost of basic operations of Pennsylvania's more than 600 local public libraries. Through participation in this program, libraries provide a common denominator of services statewide, and in so doing, help meet the information, education and enrichment needs of Pennsylvania's pre-kindergarten children, students and lifelong learners.

The Public Library Subsidy also supports a structure of libraries and programs that together provide resources and specialized services to local libraries and all residents. This funding provides every Pennsylvanian with access to the vast and historic resources of four major research libraries: The State Library of Pennsylvania, the Carnegie Library of Pittsburgh, the Free Library of Philadelphia and the libraries of The Pennsylvania State University.

Library Access. Pennsylvania is committed to ensuring that all Pennsylvanians can easily access the library resources that exist not only in their own communities but also across the commonwealth. This funding supports four distinct programs. The Interlibrary Delivery Service makes it affordable for all state-supported libraries to participate in a statewide delivery service that moves library materials across the state in a timely and cost-effective way and encourages sharing of materials. The POWER (Pennsylvania Online World of Electronic Resources) Library Network provides vetted online magazine and reference materials for Pennsylvania residents to use in the library or remotely from home. This program remains a valued resource for classroom students and teachers.

The Electronic Library Catalog, also known as the Access Pennsylvania Database program, gives Pennsylvanians online access to the library holdings of approximately 3,000 Pennsylvania school, public, college, university and special libraries and intermediate units. Once an item is located, it can be "ordered" from the source library online. This is the largest online catalog of its type in North America. As part of the Library Access program, Pennsylvanians have online access to professional reference librarians 24 hours a day, 7 days a week through Pennsylvania's virtual reference service called Ask Here PA.

Number of Libraries in Access PA Database



Pennsylvania is fortunate to have two libraries providing invaluable services to persons with visual and physical limitations. In partnership with the National Library Service for the Blind and Physically Handicapped, recorded and Braille materials are available by direct mail or downloaded to students and residents of all ages who cannot use a traditional book, magazine or newspaper. Pennsylvania was a pioneer offering state-level library services to the visually impaired over 100 years ago.

State Library. This appropriation supports the services and operations of the Office of Commonwealth Libraries and is a primary source of funding for the State Library. Located in Harrisburg, the State Library of Pennsylvania is a major resource library established by statute to provide reference service to all branches of state government, as well as to libraries and residents of the commonwealth. An extensive general and legal reference collection, comprehensive collections of Pennsylvania newspapers, Pennsylvania state and U.S. government publications and 90 databases are available. The State Library is home to the Rare Collections Library, which is organized around the Assembly Collection that was purchased beginning in 1745 by Ben Franklin when he was Clerk of the Assembly. The collection includes newspapers from colonial times through 1860. The Rare Collections Library is the premier library environment in the nation incorporating systems and techniques to preserve historic, paper-based collections.

Program: Library Services (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND			Library Access
	State Library		\$ -149	—nonrecurring 2011-12 budgetary freeze amount.
\$ -62	—nonrecurring 2011-12 budgetary freeze amount.			
-52	—reduction in administrative costs.			
<u>\$ -114</u>	<i>Appropriation Decrease</i>			
	Public Library Subsidy		\$ 338	KEYSTONE RECREATION, PARK AND CONSERVATION FUND
\$ -2,675	—funding reduction.			Local Libraries Rehabilitation and Development (EA)
				—to continue current program.
	Library Services for the Visually Impaired and Disabled			
\$ -135	—funding reduction.			

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
State Library	\$ 2,203	\$ 2,060	\$ 1,946	\$ 1,946	\$ 1,946	\$ 1,946	\$ 1,946
Public Library Subsidy	53,513	53,507	50,832	50,832	50,832	50,832	50,832
Library Services for the Visually Impaired and Disabled.....	2,729	2,702	2,567	2,567	2,567	2,567	2,567
Recording for the Blind and Dyslexic.....	68	0	0	0	0	0	0
Library Access	3,000	2,970	2,821	2,821	2,821	2,821	2,821
TOTAL GENERAL FUND	<u>\$ 61,513</u>	<u>\$ 61,239</u>	<u>\$ 58,166</u>	<u>\$ 58,166</u>	<u>\$ 58,166</u>	<u>\$ 58,166</u>	<u>\$ 58,166</u>
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Local Libraries Rehab. and Development (EA).....	\$ 2,050	\$ 1,521	\$ 1,859	\$ 2,248	\$ 2,619	\$ 2,946	\$ 3,079

PROGRAM OBJECTIVE: To fulfill Pennsylvania's requirements for graduates of higher education programs, to respond to the demands of students for higher education and to support the public institutions providing those programs.

Program: Higher Education

Higher education in Pennsylvania is provided through 271 degree-granting institutions that include the universities of the State System of Higher Education, the state-related universities, the community colleges, the commonwealth's private colleges and universities, the state-affiliated

Thaddeus Stevens College of Technology and specialized associate degree-granting institutions. Funding for these institutions is through appropriations and state-funded student grant programs administered by the Pennsylvania Higher Education Assistance Agency.

Table 1
Full-Time Enrollments
at State-Supported Institutions of Higher Education
(Actual and Projected)

Institutional Category	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
State System of Higher Education.....	112,030	111,769	112,317	112,808	113,017	113,153	113,370
Community Colleges	106,164	106,797	107,417	108,075	109,070	109,873	111,077
State-Related Universities.....	157,939	158,115	158,548	159,232	159,783	160,293	160,828
Thaddeus Stevens College of Technology ..	840	789	755	755	755	755	749
TOTAL	<u>376,973</u>	<u>377,470</u>	<u>379,037</u>	<u>380,870</u>	<u>382,625</u>	<u>384,074</u>	<u>386,024</u>

Program Element: Institutional Support for Pennsylvania's Institutions of Higher Education

State System of Higher Education. Funding for the 14 universities of the State System of Higher Education is distributed through the office of the chancellor to the individual universities in accordance with a formula that consists of student enrollment, programs of the school and the operational cost of the individual campuses. Although each university has an individual mission, they all provide teacher education, a broad liberal arts curriculum and most offer the master degree level of study in their programs.

Community Colleges. Funding is shared by sponsoring counties or school districts, students through tuition payments, and the commonwealth. Commonwealth appropriations are based on base operating funding, enrollment growth, economic development programs that focus on high-priority occupations and recognizes the capital costs of the colleges. The colleges offer two-year liberal arts curricula, two-year programs in technologies and other programs in career areas that culminate in an associate degree or certificate as well as non-degree programs. Community colleges play a major role in the commonwealth's workforce development initiative.

State-Related Universities. Funding for the four state-related universities — the Pennsylvania State University, the University of Pittsburgh, Temple University and Lincoln University — provides basic support for educational

programs. The first three of these commonwealth universities are major research universities that provide programs up to the doctoral level in varied academic disciplines and professional schools in podiatry, medicine, dentistry and law. The fourth, Lincoln University, provides programs in numerous disciplines at the baccalaureate and master degree levels.

Impact: Number of Degrees Awarded

The state-supported universities and colleges graduated 81,140 students in 2010-11 with degrees ranging from the two-year associate degree to doctoral and professional degrees.

Program Element: Increasing Access to Higher Education

In 2010, of 133,878 public high school graduates, 81,944, or approximately 61 percent, planned to attend an academic degree-granting post-secondary institution. This is a significant improvement over the past decade when only slightly more than half of Pennsylvania high school graduates indicated they planned to attend a post-secondary institution. Participation rates of non-traditional students and part-time students also continue to increase. To better serve the needs of all Pennsylvania students, the Department of Education administers a comprehensive transfer and articulation system to enable students to easily transfer up to 60 credit hours of foundation coursework

Program: Higher Education (continued)

Table 2
Higher Education Degrees Awarded
by State-Supported Institutions of Higher Education
(Actual and Projected)

Institutional Category	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
State-Supported:							
State System of Higher Education.....	24,535	24,654	24,761	24,862	24,943	24,989	25,022
Community Colleges.....	16,276	16,544	16,844	17,092	17,364	17,627	17,913
State-Related Universities.....	40,070	40,111	40,327	40,512	40,676	40,810	40,970
Thaddeus Stevens College of Technology	259	270	301	301	301	301	301
TOTAL	<u>81,140</u>	<u>81,579</u>	<u>82,233</u>	<u>82,767</u>	<u>83,284</u>	<u>83,727</u>	<u>84,206</u>

among 35 participating colleges and universities in Pennsylvania, including all of the commonwealth's community colleges, State System of Higher Education institutions and state-related institutions.

Program Element: Diversity in Disciplines

The diversity of enrollments by discipline will shape the future of higher education. Enrollments in career-oriented disciplines with higher employment rates such as business management, data processing, health professions and majors in the STEM fields — science, technology, engineering and math – are increasing. Providing access to these professions is vital to ensuring the long-term economic health of the commonwealth.

Program Element: Support for Minority Students

In 1996, the Pennsylvania Department of Education and the United States Department of Education, Office of Civil Rights, embarked on a cooperative agreement designed to assess and address the continued challenges in providing higher education opportunities for African American students in Pennsylvania. In addition to continued operating support for Lincoln and Cheyney Universities, funding is also included in the capital budget for infrastructure improvements at Cheyney and Lincoln Universities.

Program Element: Research

An essential ingredient for a healthy economy and the creation of new jobs in any region is the existence of vigorous research universities. Regions with the

most dynamic economies are those where research and development investments have been significant. The continued state general support for research at Pennsylvania State University, University of Pittsburgh and Temple University not only provides new ideas, technologies and products to industry but also educates and motivates graduates to turn those ideas, technologies and products into industry and jobs.

Program Element: Community Service

Public and community services are provided through Community Education Councils. These councils enhance Pennsylvania's rural economic engine, acting as facilitators and brokers of employer driven educational programs, and have been an integral partner in building a more competitive rural workforce.

Program Element: Support Services

The department provides leadership and support services to all sectors of higher education. Responsibilities include liaison with the national accrediting agencies, the State Board of Education, the State Board of Private Licensed Schools and other governing boards; policy review and development based on comprehensive planning and research; and implementation of the Higher Education Master Plan. The department also partners with other commonwealth agencies on workforce development strategies. Additionally, the department awards teaching certificates to those seeking certification in Pennsylvania.

Program: Higher Education (continued)

Table 3
Full-Time Enrollments by Subject Area
at State-Supported Institutions of Higher Education
(Actual and Projected)

Subject Area	Number and Percent of Total	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	Percent Change
		Actual	Projected	Projected	Projected	Projected	Projected	Projected	
Agricultural and Natural Resources	#	3,970	3,984	3,992	4,000	4,012	4,021	4,035	1.64%
	%	1.05%	1.06%	1.05%	1.05%	1.05%	1.05%	1.05%	
Arts and Letters	#	72,691	72,287	72,644	73,051	73,458	73,829	74,326	2.25%
	%	19.28%	19.15%	19.17%	19.18%	19.20%	19.22%	19.25%	
Business, Management and Data Processing	#	49,685	49,754	50,007	50,231	50,462	50,664	50,918	2.48%
	%	13.18%	13.18%	13.19%	13.19%	13.19%	13.19%	13.19%	
Communications and Related Technologies	#	14,474	14,103	14,162	14,255	14,318	14,381	14,445	-0.20%
	%	3.84%	3.74%	3.74%	3.74%	3.74%	3.74%	3.74%	
Computer and Information Sciences	#	10,399	10,865	10,916	10,980	11,037	11,083	11,148	7.20%
	%	2.76%	2.88%	2.88%	2.88%	2.88%	2.89%	2.89%	
Education	#	32,771	32,652	32,752	32,846	32,962	33,052	33,177	1.24%
	%	8.69%	8.65%	8.64%	8.62%	8.61%	8.61%	8.59%	
Engineering, Architecture and Environmental Design	#	18,213	18,245	18,285	18,323	18,365	18,401	18,442	1.26%
	%	4.83%	4.83%	4.82%	4.81%	4.80%	4.79%	4.78%	
Engineering Technologies and Related Technologies	#	5,932	5,911	5,941	5,984	6,033	6,075	6,123	3.22%
	%	1.57%	1.57%	1.57%	1.57%	1.58%	1.58%	1.59%	
Health Professions, Health Sciences and Biological Sciences	#	57,851	59,753	59,945	60,220	60,549	60,799	61,192	5.78%
	%	15.35%	15.83%	15.82%	15.81%	15.82%	15.83%	15.85%	
Home Economics, Human Services and Public Affairs	#	33,496	33,482	33,608	33,790	33,937	34,050	34,197	2.09%
	%	8.89%	8.87%	8.87%	8.87%	8.87%	8.87%	8.86%	
Industrial, Repair, Construction and Transport Technologies	#	4,891	4,845	4,869	4,899	4,951	4,990	5,039	3.03%
	%	1.30%	1.28%	1.28%	1.29%	1.29%	1.30%	1.31%	
Law	#	3,256	4,103	4,123	4,146	4,174	4,196	4,227	29.82%
	%	0.86%	1.09%	1.09%	1.09%	1.09%	1.09%	1.10%	
Physical Sciences, Mathematics and Related Technologies	#	18,435	20,583	20,666	20,756	20,805	20,836	20,884	13.28%
	%	4.89%	5.45%	5.45%	5.45%	5.44%	5.42%	5.41%	
Social Sciences, Psychology, Area Studies and Foreign Languages	#	38,433	38,549	38,727	38,945	39,070	39,160	39,286	2.22%
	%	10.20%	10.21%	10.22%	10.23%	10.21%	10.20%	10.18%	
Multi-Interdisciplinary Studies/ Military Studies	#	7,581	4,729	4,766	4,803	4,842	4,880	4,919	-35.11%
	%	2.01%	1.25%	1.26%	1.26%	1.27%	1.27%	1.27%	
Basic Skills and Developmental/ Remedial Education	#	3,553	2,315	2,324	2,331	2,340	2,347	2,356	-33.69%
	%	0.94%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	
High School/ Secondary Diplomas and Certificates	#	1,342	1,310	1,310	1,310	1,310	1,310	1,310	-2.38%
	%	0.36%	0.35%	0.35%	0.34%	0.34%	0.34%	0.34%	
TOTAL		376,973	377,470	379,037	380,870	382,625	384,074	386,024	2.40%

Percentages in some columns may not total to 100% due to rounding.

Program: Higher Education (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND</p> <p>Community Colleges</p> <p>\$ -10,608 —funding reduction.</p> <p>1,807 —reflects incorporating the school employees' social security payments into this appropriation.</p> <hr/> <p>\$ -8,801 <i>Appropriation Decrease</i></p> <p>Regional Community Colleges Services</p> <p>\$ -700 —funding elimination.</p> <p>Community Education Councils</p> <p>\$ -120 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>State System of Higher Education (SSHE)</p> <p>\$ -82,550 —funding reduction.</p>	<p>Pennsylvania State University</p> <p>\$ -64,233 —funding reduction.</p> <p>University of Pittsburgh</p> <p>\$ -40,198 —funding reduction.</p> <p>University of Pittsburgh - Rural Education Outreach</p> <p>\$ -625 —funding reduction.</p> <p>Temple University</p> <p>\$ -41,975 —funding reduction.</p>
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Student Achievement Education Block Grant (SAEBG)

Initiative—Student Achievement Education Block Grant (SAEBG). To increase spending flexibility by lessening programmatic and reporting requirements and block granting the majority of state funds. The SAEBG includes: basic education funding – \$5.35 billion; pupil transportation – \$542.3 million (includes Intermediate Unit special education transportation funds); nonpublic and charter transportation – \$77.7 million; and social security – \$504.76 million to school districts and \$36.8 million to intermediate units in order to encourage prioritization and innovative decision-making by local school administrators and local directors of school boards.

Community Colleges

To increase spending flexibility and innovative decision-making by community colleges, the Community Colleges appropriation includes \$20.4 million which had been part of the commonwealth's school employees' social security appropriation and includes proposed reductions to the economic stipend set-aside mandate.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Community Colleges	\$ 232,816	\$ 230,727	\$ 221,926	\$ 221,926	\$ 221,926	\$ 221,926	\$ 221,926
Transfer to Community College							
Capital Fund	46,369	46,369	46,369	46,369	46,369	46,369	46,369
Regional Community Colleges Services ...	557	700	0	0	0	0	0
Higher Education Assistance	1,226	0	0	0	0	0	0
Community Education Councils.....	1,373	1,200	1,080	1,080	1,080	1,080	1,080
Medical College in NE PA.....	3,777	0	0	0	0	0	0
Thaddeus Stevens College of Technology	8,550	10,332	10,332	10,332	10,332	10,332	10,332
State System of Higher Education.....	465,197	412,751	330,201	330,201	330,201	330,201	330,201
Pennsylvania State University.....	318,072	227,694	163,461	163,461	163,461	163,461	163,461
University of Pittsburgh.....	160,490	136,076	95,253	95,253	95,253	95,253	95,253
Temple University	164,974	139,917	97,942	97,942	97,942	97,942	97,942
Lincoln University	13,623	11,163	11,163	11,163	11,163	11,163	11,163
TOTAL GENERAL FUND	\$ 1,417,024	\$ 1,216,929	\$ 977,727	\$ 977,727	\$ 977,727	\$ 977,727	\$ 977,727
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
State System of Higher Education —							
Deferred Maintenance (EA)	\$ 0	\$ 6,844	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: PreK-12 Education (Basic Education)							
Basic Education Targeted Investment							
Public school enrollment (preK-12)	1,781,206	1,739,000	1,738,000	1,740,000	1,748,000	1,756,000	1,764,000
Direct state support of public education (in thousands)*	\$7,794,749	\$8,738,550	\$9,058,099	\$9,058,099	\$9,058,099	\$9,058,099	\$9,058,099
Early Childhood Education							
School districts offering pre-kindergarten	125	120	120	120	120	120	120
Students enrolled in pre-kindergarten (excluding Head Start)	30,267	27,325	27,325	27,325	27,325	27,325	27,325
Students in state-funded Head Start expansion	5,533	4,930	4,930	4,930	4,930	4,930	4,930
Students in PA Pre-K Counts program	11,500	11,380	11,380	11,380	11,380	11,380	11,380
Early Intervention							
Children participating in Early Intervention	47,114	48,700	50,200	50,200	50,200	50,200	50,200
Children on their 3rd birthday who transitioned from infant/toddler Early Intervention to preschool Early Intervention	5,900	6,000	6,000	6,000	6,000	6,000	6,000
Children who met their individual goals and no longer need Early Intervention prior to school age	1,547	1,700	1,700	1,700	1,700	1,700	1,700
Early Intervention children included in typical early childhood educational settings such as home, child care or Head Start	70%	70%	70%	70%	70%	70%	70%
Secondary Education-Transforming Pennsylvania's High Schools							
High schools offering at least one Advanced Placement course	99%	99%	99%	99%	99%	99%	99%
Advanced Placement tests given in high schools	85,100	86,100	87,100	88,100	89,100	87,100	88,100
Advanced Placement tests with scores of "3" or higher demonstrating mastery of the course	68.50%	69.50%	70.50%	71.50%	72.50%	75.50%	76.50%
Accountability							
Students proficient/advanced in mathematics	77%	78%	78%	100%	100%	100%	100%
Percentage gains in mathematics proficiency from 5th to 8th grade-same students	4%	11%	12%	13%	15%	16%	17%
Students proficient/advanced in reading	74%	81%	81%	100%	100%	100%	100%
Percentage gains in reading proficiency from 5th to 8th grade-same students	20%	17%	18%	19%	20%	21%	22%
Schools making Adequate Yearly Progress	75%	83%	94%	100%	100%	100%	100%

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
School districts making Adequate Yearly Progress	94%	96%	98%	100%	100%	100%	100%
Career & Technical (Vocational) Education							
Enrollment	69,140	69,500	69,800	70,200	70,500	70,900	71,200
Vocational education program completers	65.30%	66%	66.60%	67.30%	68%	68.60%	69.30%
Vocational education 11th graders proficient/advanced in math	35.80%	78%	78%	100%	100%	100%	100%
Vocational education 11th graders proficient/advanced in reading	43.30%	81%	81%	100%	100%	100%	100%
Skilled workforce--percentage of PA Skills Certificates awarded	57.10%	58%	59%	60%	61%	62%	63%
Special Education							
Pupils with disabilities enrolled in special education programs	270,288	270,000	269,500	269,000	268,500	268,000	268,000
Special education incidence rate	15%	15.20%	15%	14.90%	14.90%	14.90%	14.90%
Children receiving special education ages 6 through 21 spending most of their day in a regular classroom	57.70%	62%	63%	64%	65%	65%	65%
Other Education Programs							
Nonpublic school enrollment	243,526	238,500	234,900	232,100	230,200	229,100	228,600

* New Program Measure

Program: Library Services

Items accessed-State Library of Pennsylvania	186,900	221,900	226,900	318,900	378,900	445,900	515,900
Visits to public libraries (in thousands)	45,146	45,200	45,300	45,600	46,100	46,300	46,800
Materials borrowed from public libraries (in thousands)	69,455	70,900	71,900	72,900	74,100	74,900	76,000
Items borrowed from public libraries children's collections- included above (in thousands)	24,769	24,800	24,900	27,100	27,700	28,100	28,500
Materials borrowed from libraries for blind and physically handicapped- included above (in thousands)	2,000	2,040	2,070	2,080	2,130	2,200	2,250
POWER Library use - items examined (in thousands)	24,542	25,300	25,800	26,300	26,800	27,400	27,800
Online inquiries by consumers to professional reference librarians (Ask Here PA)	140,038	147,700	153,600	155,000	158,000	161,300	164,500
Individuals utilizing public library computers	7,311	7,390	7,460	7,530	7,610	7,680	7,760

Program: Higher Education**Access & Affordability**

Minority enrollment at public institutions	79,000	81,000	83,000	87,000	91,000	94,000	98,000
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Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Outcomes							
Six-year graduation rate (percent) for full-time, first-time students at state system institutions	56.10%	57.70%	58.50%	59.30%	60.20%	61.10%	62%
Six-year graduation rate (percent) for full-time, first-time students at state-related institutions	67.40%	68.60%	69.80%	71%	72.20%	73.40%	74.60%
Three-year graduation rate (percent) for full-time, first-time students at community colleges	14%	14.10%	14.20%	14.30%	14.40%	14.50%	14.50%



EMERGENCY MANAGEMENT AGENCY

The Pennsylvania Emergency Management Agency develops and maintains a comprehensive plan and program for the civil defense of the commonwealth. Primarily the plan calls for the protection of life and property both prior to and in the event of natural and other disasters. The agency, through the Office of the State Fire Commissioner, provides loans to volunteer fire, ambulance and rescue companies, and coordinates state fire services. The Emergency Management Agency also administers post-disaster aid to affected localities and citizens.

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Emergency Management Agency

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 6,463^a	\$ 7,080^b	\$ 7,830
(F)Civil Preparedness.....	21,000	21,000	21,000
(F)Hazardous Materials Planning and Training.....	692	692	1,416
(F)Wireless E-911 Grant.....	0	2,479	1,912
(F)Domestic Preparedness - First Responders (EA).....	180,000	180,000	180,000
(A)Reimbursements - GGO.....	7	0	0
Subtotal.....	<u>\$ 208,162</u>	<u>\$ 211,251</u>	<u>\$ 212,158</u>
State Fire Commissioner.....	2,131	2,099	1,994
(F)Fire Prevention.....	66	42	42
(A)Fire Academy Fees.....	62	85	40
(A)Reimbursements- SFCO.....	0	2	0
(A)Volunteer Company Loan Program.....	0	0	250
(A)Volunteer Company Grant Program.....	0	0	250
(A)Arson Fines.....	0	0	1
Subtotal.....	<u>\$ 2,259</u>	<u>\$ 2,228</u>	<u>\$ 2,577</u>
Security and Emergency Preparedness.....	982	1,001	1,001
Subtotal - State Funds.....	\$ 9,576	\$ 10,180	\$ 10,825
Subtotal - Federal Funds.....	201,758	204,213	204,370
Subtotal - Augmentations.....	69	87	541
Total - General Government.....	<u>\$ 211,403</u>	<u>\$ 214,480</u>	<u>\$ 215,736</u>
Grants and Subsidies:			
(F)August 2004 Storm Disaster - Hazard Mitigation (EA).....	\$ 27	\$ 0	\$ 0
(F)September 2004 Tropical Storm Ivan - Hazard Mitigation (EA).....	237	0	0
(F)September 2004 Tropical Storm Ivan - Public Assistance (EA).....	489	575	0
(F)April 2005 Storm Disaster - Public Assistance (EA).....	954	101	0
(F)April 2005 Storm Disaster - Hazard Mitigation (EA).....	70	0	0
(F)June 2006 Summer Storm - Public Assistance (EA).....	11,369	7,000	5,100
(F)June 2006 Flood Disaster Hazard Mitigation (EA).....	1,613	0	0
(F)November 2006 Winter Storm Disaster - Public Assistance (EA).....	3,470	3,600	1,000
(F)November 2006 Winter Storm - Hazard Mitigation (EA).....	1,050	0	0
(F)February 2010 Winter Snowstorms-PA (EA).....	18,325	280	0
(F)February 2010 Winter Snowstorms-HM (EA).....	125	7,100	6,000
April 2011 Flooding Disaster Relief.....	0	4,750	0
(F)April 2011 Flooding- Public Assistance (EA).....	0	14,250	10,000
January 2011 Winter Storm Relief.....	250	0	0
Summer 2011 Storm Disaster Relief.....	0	10,000	16,000
(F)Summer 2011 Storm Disaster Relief (EA).....	0	39,000	60,000
Hazard Mitigation.....	0	0	2,640
Firefighters' Memorial Flag.....	10	10	10
Red Cross Extended Care Program.....	195	100	0
Regional Events Security.....	2,927	0	0
Subtotal - State Funds.....	\$ 3,382	\$ 14,860	\$ 18,650
Subtotal - Federal Funds.....	37,729	71,906	82,100
Total - Grants and Subsidies.....	<u>\$ 41,111</u>	<u>\$ 86,766</u>	<u>\$ 100,750</u>
STATE FUNDS.....	\$ 12,958	\$ 25,040	\$ 29,475
FEDERAL FUNDS.....	239,487	276,119	286,470
AUGMENTATIONS.....	69	87	541
GENERAL FUND TOTAL.....	<u>\$ 252,514</u>	<u>\$ 301,246</u>	<u>\$ 316,486</u>

Emergency Management Agency

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
OTHER FUNDS:			
GENERAL FUND:			
VoIP Emergency Services Fund.....	\$ 13,801	\$ 15,140	\$ 14,000
Radiological Emergency Response Planning.....	1,208	1,300	1,300
Radiation Emergency Response Fund.....	719	1,200	750
Radiation Transportation Emergency Response Fund.....	0	56	10
GENERAL FUND TOTAL.....	\$ 15,728	\$ 17,696	\$ 16,060
HAZARDOUS MATERIAL RESPONSE FUND:			
General Operations.....	\$ 152	\$ 230	\$ 230
Hazardous Materials Response Team.....	417	230	230
Grants to Counties.....	3,854	1,610	1,610
Public and Facilities Owners Education.....	117	230	230
HAZARDOUS MATERIAL RESPONSE FUND TOTAL.....	\$ 4,540	\$ 2,300	\$ 2,300
STATE GAMING FUND:			
Transfer to Volunteer Company Grants Program (EA).....	\$ 25,000	\$ 25,000	\$ 25,000
VOLUNTEER COMPANIES LOAN FUND:			
Volunteer Company Loans.....	\$ 12,601	\$ 17,500	\$ 17,500
WIRELESS E-911 EMERGENCY SERVICES FUND:			
General Operations (EA).....	\$ 2,100	\$ 2,400	\$ 3,314
Wireless E-911 Emergency Services Grants (EA).....	113,814	118,000	114,986
WIRELESS E-911 EMERGENCY SERVICES FUND TOTAL.....	\$ 115,914	\$ 120,400	\$ 118,300
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 12,958	\$ 25,040	\$ 29,475
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	239,487	276,119	286,470
AUGMENTATIONS.....	69	87	541
OTHER FUNDS.....	173,783	182,896	179,160
TOTAL ALL FUNDS.....	\$ 426,297	\$ 484,142	\$ 495,646

^a Appropriated as \$934,000 for Information Systems Management and \$5,529,000 for General Government Operations.

^b Appropriated as \$934,000 for Information Systems Management and \$6,146,000 for General Government Operations.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
EMERGENCY MANAGEMENT							
GENERAL FUND.....	\$ 10,622	\$ 22,831	\$ 27,471	\$ 25,471	\$ 11,471	\$ 11,471	\$ 8,831
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	239,421	273,598	284,516	258,724	211,974	209,524	201,724
OTHER FUNDS.....	31,474	29,856	29,860	29,860	29,860	29,860	29,860
SUBCATEGORY TOTAL.....	\$ 281,517	\$ 326,285	\$ 341,847	\$ 314,055	\$ 253,305	\$ 250,855	\$ 240,415
FIRE PREVENTION AND SAFETY							
GENERAL FUND.....	\$ 2,336	\$ 2,209	\$ 2,004	\$ 2,004	\$ 2,004	\$ 2,004	\$ 2,004
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	66	2,521	1,954	1,954	1,954	1,954	1,954
OTHER FUNDS.....	142,378	153,127	149,841	149,841	149,841	149,841	149,841
SUBCATEGORY TOTAL.....	\$ 144,780	\$ 157,857	\$ 153,799	\$ 153,799	\$ 153,799	\$ 153,799	\$ 153,799
ALL PROGRAMS:							
GENERAL FUND.....	\$ 12,958	\$ 25,040	\$ 29,475	\$ 27,475	\$ 13,475	\$ 13,475	\$ 10,835
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	239,487	276,119	286,470	260,678	213,928	211,478	203,678
OTHER FUNDS.....	173,852	182,983	179,701	179,701	179,701	179,701	179,701
DEPARTMENT TOTAL.....	\$ 426,297	\$ 484,142	\$ 495,646	\$ 467,854	\$ 407,104	\$ 404,654	\$ 394,214

PROGRAM OBJECTIVE: To develop and maintain a statewide emergency force capable of immediate and effective action in the event of natural, technological or other man-made disasters and rapid organizational expansion to assure civil preparedness for war or resource-based emergencies.

Program: Emergency Management

The Pennsylvania Emergency Management Agency (PEMA) was initially created in 1951 to address civil defense related public planning and preparedness. Over the last 60 years PEMA's responsibilities have evolved and the agency's mission has grown into that of a statewide all-hazards emergency management agency. The agency's mission to save lives and reduce suffering is accomplished through systematic preparation for the threats that pose the greatest risk to the safety and security of the commonwealth; including natural and man-made disasters, pandemics and acts of terrorism. PEMA has adopted the "Whole Community" approach to emergency management that recognizes that it takes all aspects of a community to effectively prepare for, protect against, respond to, recover from, and mitigate against any disaster. This includes an entire spectrum of emergency management partners, both traditional and nontraditional, including volunteer, faith, and community-based organizations; the private sector and the public, including survivors themselves.

Pennsylvania preparedness occurs as the result of actions taken to plan, organize, equip, train and exercise to build and sustain the capabilities and capacity to protect our state from both notice and no-notice emergency events. The agency has several objectives that help meet the statewide preparedness goal: increase community outreach to better prepare citizens to appropriately respond to all-hazard threats within their community; increase capabilities within the five pillars of emergency management within the commonwealth; increase the efficiency of federal and state grant distribution, management and administration; provide wireless 911 callers the enhanced benefits traditionally available to landline 911 callers and reduce the risks associated with critical infrastructure from acts that would severely diminish the ability of government to perform essential health and safety missions and negatively impact our people, vital interests and way of life.

Pennsylvania's "Whole Community" public preparedness program is based on inter and intra governmental coordination, communication and cooperation and a team approach involving state, county, municipal and federal elected leaders, the private sector owners of our critical infrastructure, emergency managers and first responders. At its core is a multi-agency coordination and training program which develops and maintains a statewide emergency force composed of state, county and local units, jointly capable of prompt and effective action to

protect life and property; alleviate human suffering and hardship resulting from natural and man-made disasters; and deploy rapidly when required.

PEMA's responsibilities also include programs concerning prison/community safety, 911-program implementation and maintenance, statewide chemical and nuclear power safety, hazardous materials transportation, and individual emergency preparedness. PEMA also assists local governments with hazard assessments, emergency planning, warning systems and emergency communications and ongoing training programs to help them maintain their readiness. PEMA also maintains and operates Pennsylvania's emergency response and command center on a 24/7 basis. In times of disaster, PEMA is responsible for all actions related to Gubernatorial Emergency Declarations, Presidential Disaster Declarations and all coordination with the Federal Emergency Management Agency as it relates to each specific declaration.

Counties are required to have an approved emergency program plan consisting of a statement of accomplishments, required financial needs, hazard vulnerability and goals indicating projected activity. Federal and state laws mandate conducting exercises to test and update existing emergency preparedness and response plans. This comprehensive exercise program is an extensive and integrated training and testing program that enhances and measures the ability of county and local forces to provide a comprehensive and coordinated first line of response to emergency conditions.

The agency coordinates urban search and rescue capabilities for response to certain types of disasters. Regional rapid assessment teams are trained to provide assessment of needs in disaster areas. The agency also coordinates nine regional counter-terrorism task forces and incident support teams. PEMA acts as the federally designated state administrative agency and is responsible for managing congressionally mandated and first responder preparedness support programs.

The agency is responsible for activities required by the U. S. Environmental Protection Agency under the Federal Superfund Amendments and Reauthorization Act. Federal Clean Air Act amendments include upgrading chemical emergency preparedness facility plans and planning and training activities for compliance with the Hazardous Materials Transportation Uniform Safety Act. Responsibilities for preparedness involve state and county governments and chemical manufacturers.

Emergency Management Agency

Program: Emergency Management (continued)

PEMA is also responsible for the administration of the Public Safety Emergency Telephone Act (Act 78) as amended by Act 56 of 2003 which established the Wireless E-911 Emergency Services Fund. This fund provides for the collection of a one dollar per device monthly surcharge on wireless telephone customers to support a statewide integrated wireless E-911 system.

The wireless surcharge funds are disbursed to public safety answering points to upgrade 911 technologies by providing 911 telecommunicators with location information for wireless 911 callers. Additional amendments to the Act in 2008 and 2010 have added fees for voice over internet protocol phones (VOIP) and prepaid wireless phones.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND			Summer 2011 Storm Disaster Relief
	General Government Operations			
\$ 750	—to continue current program.		\$ 6,000	—state match for federally funded projects.
	April 2011 Flooding Disaster Relief			
\$ -4,750	—nonrecurring state match for federally funded projects.			
	Hazard Mitigation			
\$ 2,640	—state match for federally funded projects.			

The Security and Emergency Preparedness appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 6,463	\$ 7,080	\$ 7,830	\$ 7,830	\$ 7,830	\$ 7,830	\$ 7,830
Security and Emergency Preparedness	982	1,001	1,001	1,001	1,001	1,001	1,001
April 2011 Flooding Disaster Relief	0	4,750	0	0	0	0	0
January 2011 Winter Storm Relief	250	0	0	0	0	0	0
Summer 2011 Storm Disaster Relief	0	10,000	16,000	14,000	0	0	0
Hazard Mitigation	0	0	2,640	2,640	2,640	2,640	0
Regional Events Security	2,927	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 10,622	\$ 22,831	\$ 27,471	\$ 25,471	\$ 11,471	\$ 11,471	\$ 8,831

PROGRAM OBJECTIVE: To minimize the loss of life and property due to fire by developing and maintaining statewide municipal fire and emergency service capability.

Program: Fire Prevention and Safety

The State Fire Commissioner Act, Act 118 of 2010, reestablishes responsibility on the State Fire Commissioner for addressing the diverse training, operational and informational needs of the commonwealth's fire and emergency services community. The commissioner oversees the development and operation of the State Fire Academy's Resident and Local Level Training programs, the Volunteer Loan Assistance program, the Pennsylvania Fire Information Reporting System a public education/information program, and the administration of the firefighters' memorial flag program. The State Fire Commissioner is responsible for coordinating federal, state and private fire safety funds; assisting state agencies in the development of plans related to fire safety; reviewing existing or proposed rules and regulations affecting the safety of commonwealth citizens; and providing a cost-effective fire-loss management system for the commonwealth.

Through contacts with government agencies, the business community, consumers and the fire service, the fire commissioner's office provides technical assistance; collects, reviews and disseminates pertinent information about fire death data and fire prevention and control techniques; and conducts statewide fire safety educational programs for the entire fire community.

The State Fire Academy (SFA) at Lewistown is the catalyst for training delivery to the state's fire and emergency response community. The Local Level Training program, a unique system involving the SFA, community colleges and county and local training facilities and organizations, provides a comprehensive curriculum of basic and mid-level fire, rescue, hazardous material, officer development and fire department management courses deliverable to firefighters through county and local fire department programs.

The SFA's training facilities and staff support the Resident Training program of mid-level, advanced and specialty training in fire, rescue, hazardous material and officer development aimed at providing professional development opportunities for the state's firefighters, fire officers, the academy's cadre of field instructors and employees from other state agencies. Selected programs of timely interest and concern are made available through the state's fire service locally through the Academy on the

Road program. The SFA also makes available a Firefighter Certification program that measures individual knowledge and skills against nationally accepted professional standards to assist firefighters in maximizing their training and experience credentials.

The Volunteer Loan Assistance program provides assistance to the volunteer fire fighting, ambulance and rescue community in the form of low-interest loans for the purpose of establishing or modernizing facilities to house apparatus and equipment, purchasing new or rehabilitating old apparatus, and purchasing protective, communications and accessory equipment. Funding for the loan program is reflected in the financial statement for the Volunteer Companies Loan Fund included in the Special Funds Appendix.

Act 118 of 2010 reestablished Act 17 of 2003, authorizing the Volunteer Fire Company and Volunteer Ambulance Service Grant programs. An annual transfer of \$25 million from the State Gaming Fund to the Volunteer Company Grant program provides funds to be used for grants to volunteer fire companies and ambulance services to assist them in maintaining or improving their capability to provide fire, ambulance and rescue services.

The Pennsylvania Fire Service Intra-State Mutual Aid System (PIMAS), established by Act 93 of 2008 provides a statewide fire service mutual aid system. PIMAS was developed to identify and deploy emergency resources when an incident expands beyond the capabilities of local jurisdictions and resources.

Act 118 of 2010 also reestablished Act 168 of 1990, which provides for a flag to honor firefighters who have died in the line of duty and assigns the Office of the Pennsylvania State Fire Commissioner the responsibility to implement the provisions of the act. As part of its involvement in this program, the fire commissioner's office provides personal support and assistance to fire departments and surviving relatives immediately following such deaths and attempts to ascertain and use lessons learned to reduce the number of firefighter deaths in the future.

Act 42 of 2008 established the Fire Prevention and Safety Fund within the Office of the Fire Commissioner. The fund is to be credited with penalties levied under the act and will be used to support fire and safety prevention programs.

Emergency Management Agency

Program: Fire Prevention and Safety (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>State Fire Commissioner \$ -105 —reflects proposal to provide increased operational and administrative support from the Volunteer Company Loan and Grant programs.</p>	<p>Red Cross Extended Care Program \$ -100 —program elimination.</p>
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The Firefighters' Memorial Flag appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
State Fire Commissioner	\$ 2,131	\$ 2,099	\$ 1,994	\$ 1,994	\$ 1,994	\$ 1,994	\$ 1,994
Firefighters' Memorial Flag	10	10	10	10	10	10	10
Red Cross Extended Care Program	195	100	0	0	0	0	0
TOTAL GENERAL FUND	\$ 2,336	\$ 2,209	\$ 2,004	\$ 2,004	\$ 2,004	\$ 2,004	\$ 2,004

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Emergency Management							
Emergency Preparedness and Response							
State and local emergency management personnel trained	2,241	2,500	2,500	2,500	2,500	2,500	2,500
Percentage of commonwealth residents prepared for a disaster through outreach and training events	33%	34%	35%	36%	37%	37%	37%
Percentage of counties that receive federal funds and exceed the required minimum number of community outreach events annually	37%	45%	46%	47%	48%	48%	48%
Emergency management grant funds disbursed in federal and state funds (dollars in thousands)	\$78,900	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000
Program: Fire Prevention and Safety							
Fire departments participating in Fire Department Recognition Program	276	610	620	630	640	650	660
State Fire Academy entry level training graduates	5,745	6,500	9,000	9,500	10,000	10,000	10,000
Individuals certified at firefighter or higher at the State Fire Academy	4,000	4,100	4,300	4,300	4,300	4,300	4,300
Incidents reported through the PA Fire Information Reporting System	346,728	400,000	425,000	450,000	475,000	500,000	550,000
Volunteer company loans approved (dollars in thousands)	\$11,204	\$12,000	\$12,000	\$13,000	\$13,000	\$14,000	\$14,000
Volunteer company grants awarded	2,687	2,675	2,700	2,700	2,700	2,700	2,700



DEPARTMENT OF ENVIRONMENTAL PROTECTION

The mission of the Department of Environmental Protection is to protect Pennsylvania's air, land and water from pollution and to provide for the health and safety of its citizens through a cleaner environment. The department will work as partners with individuals, organizations, governments and businesses to prevent pollution and restore our natural resources.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 12,830	\$ 10,750	\$ 10,642
(A)Reimbursement - EDP Services.....	8,292	8,292	8,292
(A)Department Services.....	166	175	175
Subtotal.....	<u>\$ 21,288</u>	<u>\$ 19,217</u>	<u>\$ 19,109</u>
Environmental Hearing Board.....	1,578	1,727	1,727
Subtotal.....	<u>\$ 1,578</u>	<u>\$ 1,727</u>	<u>\$ 1,727</u>
Environmental Program Management.....	28,881	28,035	24,965
(F)Coastal Zone Management.....	4,700	4,700	4,700
(F)Construction Management Assistance Grants - Administration.....	1,400	1,400	1,400
(F)Storm Water Permitting Initiative.....	2,300	2,300	2,300
(F)Safe Drinking Water Act - Management.....	5,500	5,500	5,500
(F)Water Pollution Control Grants - Management.....	5,500	5,500	5,500
(F)Air Pollution Control Grants - Management.....	2,700	3,200	3,200
(F)Surface Mine Conservation.....	6,500	6,500	6,500
(F)Wetland Protection Fund.....	840	840	840
(F)Diagnostic X-Ray Equipment Testing.....	450	550	550
(F)Water Quality Outreach Operator Training.....	0	200	200
(F)Water Quality Management Planning Grants.....	1,150	1,150	1,150
(F)ARRA - Water Quality Management Planning Grants.....	1,567	1,000	0
(F)Small Operators Assistance.....	100	2,000	300
(F)Wellhead Protection Fund.....	250	250	250
(F)Indoor Radon Abatement.....	600	600	600
(F)Non-Point Source Implementation.....	12,800	12,800	12,800
(F)Hydroelectric Power Conservation Fund.....	5	51	51
(F)Survey Studies.....	3,000	5,000	5,000
(F)ARRA - Survey Studies.....	14,474	3,300	0
(F)National Dam Safety.....	150	150	150
(F)Training Reimbursement for Small Systems.....	3,500	3,500	3,500
(F)Abandoned Mine Reclamation (EA).....	55,000	55,000	55,000
(F)Nuclear and Chemical Security (EA).....	180	225	122
(F)Homeland Security Initiative (EA).....	2,000	2,000	2,000
(F)State Energy Program.....	15,000	15,000	15,000
(F)ARRA - State Energy Program.....	184,000	70,000	35,000
(F)Pollution Prevention.....	800	800	800
(F)Energy & Environmental Opportunities.....	1,200	1,200	1,200
(F)Surface Mine Conservation.....	680	680	680
(A)Payments - Department Services.....	186	78	78
(A)Vehicle Sales.....	1	5	5
(A)Reimbursement from Water Pollution Control Revolving Fund.....	276	277	277
(A)Safe Drinking Water Revolving Fund Administration.....	210	210	210
(R)Sewage Facilities Program Administration (EA).....	1,500	1,500	1,500
(R)Used Tire Pile Remediation (EA).....	0	1,253	1,253
Subtotal.....	<u>\$ 357,400</u>	<u>\$ 236,754</u>	<u>\$ 192,581</u>
Chesapeake Bay Agricultural Source Abatement.....	2,773	2,750	2,667
(F)Chesapeake Bay Pollution Abatement.....	6,200	6,200	6,200
Subtotal.....	<u>\$ 8,973</u>	<u>\$ 8,950</u>	<u>\$ 8,867</u>
Environmental Protection Operations.....	78,021	78,140	74,547
(F)EPA Planning Grant - Administration.....	8,400	8,400	8,400
(F)Water Pollution Control Grants.....	8,900	8,900	8,900
(F)Air Pollution Control Grants.....	4,075	4,075	4,075
(F)Surface Mine Control and Reclamation.....	11,344	11,344	11,344
(F)Training & Education of Underground Coal Miners.....	1,700	1,700	1,700
(F)Construction Management Assistance Grants.....	350	350	350
(F)Safe Drinking Water.....	5,700	5,700	5,700
(F)Oil Pollution Spills Removal.....	1,000	1,000	1,000

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
(F)Emergency Disaster Relief (EA).....	213	213	213
(F)Technical Assistance to Small Systems (EA).....	1,000	1,000	1,000
(F)Assistance to State Programs (EA).....	7,000	7,300	4,500
(F)Local Assistance and Source Water Protection (EA).....	6,500	7,000	6,000
(A)Clean Air Fund.....	0	2,244	2,244
(A)Vehicle Sale.....	75	80	80
(A)Reimbursement from Water Pollution Control Revolving Fund.....	146	145	145
(A)Safe Drinking Water Account.....	0	200	200
(A)Solid Waste Abatement.....	0	500	500
(A)Reimbursement - PENNVEST.....	4	4	4
(A)Reimbursement - Department Services.....	154	116	116
(A)PADOT ISTEA Program.....	825	825	825
(A)Safe Drinking Water Revolving Fund.....	612	615	615
(A)Reimbursement - Laboratory Services.....	8,989	10,273	10,565
(A)Lab Accreditation.....	1,607	1,610	1,610
Subtotal.....	\$ 146,615	\$ 151,734	\$ 144,633
Black Fly Control and Research.....	3,386	3,417	3,314
(A)County Contributions.....	721	650	650
Subtotal.....	\$ 4,107	\$ 4,067	\$ 3,964
West Nile Virus Control.....	4,297	3,942	3,824
Subtotal.....	\$ 4,297	\$ 3,942	\$ 3,824
Flood Control Projects.....	3,414	0	0
Subtotal - State Funds.....	\$ 135,180	\$ 128,761	\$ 121,686
Subtotal - Federal Funds.....	388,728	268,578	223,675
Subtotal - Augmentations.....	22,264	26,299	26,591
Subtotal - Restricted Revenues.....	1,500	2,753	2,753
Total - General Government.....	\$ 547,672	\$ 426,391	\$ 374,705
Grants and Subsidies:			
Sewage Facilities Planning Grants.....	\$ 850	\$ 779	\$ 0
Sewage Facilities Enforcement Grants.....	2,549	2,549	0
Delaware River Master.....	85	84	76
Ohio River Basin Commission.....	13	13	0
Susquehanna River Basin Commission.....	643	637	573
Interstate Commission on the Potomac River.....	48	48	46
Delaware River Basin Commission.....	993	983	934
Ohio River Valley Water Sanitation Commission.....	144	143	136
Chesapeake Bay Commission.....	241	239	227
Transfer to Conservation District Fund.....	2,914	2,885	2,856
Interstate Mining Commission.....	32	32	30
Total - Grants and Subsidies.....	\$ 8,512	\$ 8,392	\$ 4,878
STATE FUNDS.....	\$ 143,692	\$ 137,153	\$ 126,564
FEDERAL FUNDS.....	388,728	268,578	223,675
AUGMENTATIONS.....	22,264	26,299	26,591
RESTRICTED REVENUES.....	1,500	2,753	2,753
GENERAL FUND TOTAL.....	\$ 556,184	\$ 434,783	\$ 379,583
MOTOR LICENSE FUND:			
General Government:			
Dirt and Gravel Roads.....	\$ 4,000	\$ 4,000	\$ 4,000

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
OTHER FUNDS:			
GENERAL FUND:			
Safe Drinking Water Account.....	\$ 256	\$ 1,190	\$ 1,190
Radiation Protection Fund.....	9,304	11,828	11,828
Clean Water Fund.....	9,820	13,458	9,820
Solid Waste Abatement Fund.....	1,306	1,640	1,640
Well Plugging Account.....	16,222	16,917	16,363
Abandoned Well Plugging.....	385	674	674
Orphan Well Plugging.....	746	1,580	1,580
Alternative Fuels.....	10,906	5,100	8,073
Industrial Land Recycling.....	223	499	223
Waste Transportation Safety Account.....	1,545	2,030	2,030
GENERAL FUND TOTAL.....	\$ 50,713	\$ 54,916	\$ 53,421
ACID MINE DRAINAGE ABATEMENT AND TREATMENT FUND:			
Acid Mine Drainage Abatement and Treatment (F) (EA).....	\$ 7,442	\$ 4,878	\$ 4,878
CLEAN AIR FUND:			
Major Emission Facilities (EA).....	\$ 20,565	\$ 22,748	\$ 20,748
Mobile and Area Facilities (EA).....	5,620	6,430	7,914
(A) Reimbursement for Services.....	48	0	0
CLEAN AIR FUND TOTAL.....	\$ 26,233	\$ 29,178	\$ 28,662
COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND:			
General Operations (EA).....	\$ 2,450	\$ 3,582	\$ 3,582
Payment of Claims (EA).....	800	2,040	2,040
COAL AND CLAY MINE SUBSIDENCE INSURANCE FUND TOTAL.....	\$ 3,250	\$ 5,622	\$ 5,622
COAL LANDS IMPROVEMENT FUND:			
Coal Lands Restoration (EA).....	\$ 8	\$ 300	\$ 300
CONSERVATION DISTRICT FUND:			
Conservation District Grants (EA).....	\$ 2,914	\$ 2,885	\$ 2,856
ENERGY DEVELOPMENT FUND:			
Energy Development - Administration (EA).....	\$ 250	\$ 75	\$ 75
Energy Development Loans/Grants (EA).....	200	0	0
ENERGY DEVELOPMENT FUND TOTAL.....	\$ 450	\$ 75	\$ 75
ENVIRONMENTAL EDUCATION FUND:			
General Operations (EA).....	\$ 680	\$ 778	\$ 778
ENVIRONMENTAL STEWARDSHIP FUND:			
Watershed Protection and Restoration (EA).....	\$ 11,739	\$ 12,915	\$ 8,936
HAZARDOUS SITES CLEANUP FUND:			
General Operations (EA).....	\$ 16,686	\$ 19,491	\$ 19,491
Hazardous Sites Cleanup (EA).....	22,837	23,000	23,000
Host Municipality Grants (EA).....	75	75	75
Transfer to Industrial Sites Cleanup Fund (EA).....	2,000	2,000	2,000
Small Business Pollution Prevention (EA).....	905	1,000	1,000
Transfer-Industrial Sites Environmental Assessment Fund (EA).....	2,000	2,000	2,000
Transfer to Household Hazardous Waste Account.....	1,000	1,000	1,000
HAZARDOUS SITES CLEANUP FUND TOTAL.....	\$ 45,503	\$ 48,566	\$ 48,566
LOW LEVEL WASTE FUND:			
General Operations (EA).....	\$ 1,980	\$ 0	\$ 0
MINE SAFETY FUND:			
General Operations (EA).....	\$ 0	\$ 1	\$ 1
NON-COAL SURFACE MINING CONSERVATION & RECLAMATION FUND:			
General Operations (EA).....	\$ 2,252	\$ 5,002	\$ 2,252

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
NUTRIENT MANAGEMENT FUND:			
Education, Research and Technical Assistance (EA).....	\$ 2,073	\$ 2,073	\$ 2,073
RECYCLING FUND:			
Recycling Coordinator Reimbursement (EA).....	\$ 1,600	\$ 1,600	\$ 1,600
Reimbursement for Municipal Inspection (EA).....	425	400	400
Reimburse-Host Municipality Permit Applications Review (EA).....	10	10	10
Administration of Recycling Program (EA).....	1,408	1,222	1,222
County Planning Grants (EA).....	1,317	2,000	2,000
Municipal Recycling Grants (EA).....	15,226	12,471	12,471
Municipal Recycling Performance Program (EA).....	21,775	16,000	16,000
Public Education/Technical Assistance (EA).....	3,685	3,310	3,310
Transfer to Used Tire Pile Remediation.....	1,250	1,250	1,250
RECYCLING FUND TOTAL.....	\$ 46,696	\$ 38,263	\$ 38,263
REMINING FINANCIAL ASSURANCE FUND:			
Remining Financial Assurance (EA).....	\$ 1	\$ 173	\$ 173
STORAGE TANK FUND:			
General Operations (EA).....	\$ 5,178	\$ 6,042	\$ 6,042
(A) Investment/Closing Cost Reimbursement.....	1,645	2,100	2,100
Underground Storage Tanks (F) (EA).....	1,250	1,750	1,750
Leaking Underground Storage Tanks (F) (EA).....	2,990	2,990	2,990
ARRA - Leaking Underground Storage Tanks.....	6,163	3,000	0
STORAGE TANK FUND TOTAL.....	\$ 17,226	\$ 15,882	\$ 12,882
SURFACE MINING CONSERVATION & RECLAMATION FUND:			
General Operations (EA).....	\$ 2,266	\$ 6,834	\$ 2,266
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Environmental Cleanup Program (EA).....	\$ 5,500	\$ 5,298	\$ 5,298
Pollution Prevention Program (EA).....	1,000	1,000	1,000
Catastrophic Release Program (EA).....	5,276	5,202	5,202
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL.....	\$ 11,776	\$ 11,500	\$ 11,500
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 143,692	\$ 137,153	\$ 126,564
SPECIAL FUNDS.....	4,000	4,000	4,000
FEDERAL FUNDS.....	388,728	268,578	223,675
AUGMENTATIONS.....	22,264	26,299	26,591
RESTRICTED.....	1,500	2,753	2,753
OTHER FUNDS.....	233,202	239,841	223,504
TOTAL ALL FUNDS.....	\$ 793,386	\$ 678,624	\$ 607,087

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
ENVIRONMENTAL SUPPORT SERVICES							
GENERAL FUND.....	\$ 14,408	\$ 12,477	\$ 12,369	\$ 12,369	\$ 12,369	\$ 12,369	\$ 12,369
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	8,458	8,467	8,467	8,467	8,467	8,467	8,467
SUBCATEGORY TOTAL.....	\$ 22,866	\$ 20,944	\$ 20,836	\$ 20,836	\$ 20,836	\$ 20,836	\$ 20,836
ENVIRONMENTAL PROTECTION AND MANAGEMENT							
GENERAL FUND.....	\$ 129,284	\$ 124,676	\$ 114,195	\$ 114,195	\$ 114,195	\$ 114,195	\$ 114,195
SPECIAL FUNDS.....	4,000	4,000	4,000	4,000	4,000	4,000	4,000
FEDERAL FUNDS.....	388,728	268,578	223,675	223,675	223,675	223,675	223,675
OTHER FUNDS.....	248,508	260,426	244,381	236,337	236,337	236,337	236,337
SUBCATEGORY TOTAL.....	\$ 770,520	\$ 657,680	\$ 586,251	\$ 578,207	\$ 578,207	\$ 578,207	\$ 578,207
ALL PROGRAMS:							
GENERAL FUND.....	\$ 143,692	\$ 137,153	\$ 126,564	\$ 126,564	\$ 126,564	\$ 126,564	\$ 126,564
SPECIAL FUNDS.....	4,000	4,000	4,000	4,000	4,000	4,000	4,000
FEDERAL FUNDS.....	388,728	268,578	223,675	223,675	223,675	223,675	223,675
OTHER FUNDS.....	256,966	268,893	252,848	244,804	244,804	244,804	244,804
DEPARTMENT TOTAL.....	\$ 793,386	\$ 678,624	\$ 607,087	\$ 599,043	\$ 599,043	\$ 599,043	\$ 599,043

PROGRAM OBJECTIVE: To provide administrative and technical support for the commonwealth's environmental protection programs.

Program: Environmental Support Services

This program provides the administrative and technical systems that direct and support the department's programs. It includes the executive and administrative offices, the Office of Chief Counsel, information and data processing systems, the Citizens Advisory Council and the Environmental Quality Board.

The Environmental Hearing Board's purpose is to safeguard the environmental rights of Pennsylvania's citizens through appeals of actions taken or instituted by the Department of Environmental Protection and/or the private sector. It is included here for presentation purposes.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Government Operations
 \$ -108 —nonrecurring 2011-12 budgetary freeze amount.

The Environmental Hearing Board is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 12,830	\$ 10,750	\$ 10,642	\$ 10,642	\$ 10,642	\$ 10,642	\$ 10,642
Environmental Hearing Board	1,578	1,727	1,727	1,727	1,727	1,727	1,727
TOTAL GENERAL FUND	\$ 14,408	\$ 12,477	\$ 12,369	\$ 12,369	\$ 12,369	\$ 12,369	\$ 12,369

PROGRAM OBJECTIVE: To protect and improve the quality of the air, water and environment for the health and safety of the citizens of the commonwealth, to protect people from dangerous or unnecessary radiation from natural and man-made sources, including occupational and medical exposure and to manage water and mineral resources in a way that protects their undue destruction and depletion while allowing economic benefits from their use.

Program: Environmental Protection and Management

This program encompasses the major program elements that help to protect the health and safety of the citizens of the commonwealth as well as the quality of their environment and economic health. These activities are all associated with the department's goals for Clean Air, Clean Water, Land Protection, Community Health and Safety and Sustainable Energy.

Act 68 of 1999, the Environmental Stewardship and Watershed Protection Act, authorized the beginning of the "Growing Greener" program. The goal of this program is to ensure citizens their rights to clean air, to pure water and to the preservation of the natural, scenic, historic and esthetic values of the environment. In the Department of Environmental Protection, a number of program elements are affected: Water Quality Protection, Water Allocation, Mine Safety and Safe Drinking Water. Expanded activities include the reclamation of abandoned mines, plugging of certain oil and gas wells, protection and restoration of watersheds and improvements to drinking water and sewer systems. With the passage of Act 90 of 2002, the primary revenue source for the Environmental Stewardship Fund was restructured from a General Fund contribution to a \$4 tipping fee per ton of solid waste disposed in Pennsylvania's municipal waste landfills. Act 24 of 2010 extended the \$4 tipping fee until 2020. The budget includes funds from the Growing Greener II bond initiative, approved by the voters May 17, 2005. Growing Greener II provided the department with \$230 million to clean up rivers and streams, take on serious environmental problems at abandoned mines and contaminated industrial sites, and finance the deployment of advanced energy projects.

The Bureau of Laboratories provides analytical data for the department that determines and identifies pollution levels in samples from any part of the environment. Samples from streams and lakes, solid wastes, drinking water, industrial wastes and fish are analyzed for toxic chemicals. Milk, food, water and air are examined for radiation. Water from supply systems, beaches and sewage treatment plants is examined for bacteria and homeowners' water is examined for potability. With the passage of the Environmental Laboratory Accreditation Act (Act 90 of 2002), an accreditation program for environmental laboratories within the department was established to assure the quality of compliance data in all program areas.

CLEAN AIR

Program Element: Protection of Air Quality

Emissions of air contaminants are closely monitored and controlled by the department to protect public health as required by the Federal Clean Air Act, the Pennsylvania Air Pollution Control Act of 1960 and regulations adopted under the acts. Pollutants of primary concern include ground-level ozone, suspended particulates, sulfur and nitrogen oxides, volatile organic compounds and toxic air pollutants. Ozone, a bluish gas, irritates the eyes and upper respiratory system. Small particles and toxic air pollutants they carry with them can aggravate or cause respiratory ailments.

Many of the volatile organic compounds and heavy metals resulting from industrial processes and combustion sources are toxic air pollutants. Emissions of these pollutants must be controlled under Federal Maximum Achievable Control Technology requirements.

The department's system of ambient (outside) monitors measure overall air quality. Sites are chosen primarily for their proximity to populated areas. Source monitoring, by both operators and mobile teams from the department, is used to check individual sources of emissions. Certain large facilities are required to install instruments that continuously monitor emissions.

Permits and inspections ensure that sources of emissions are designed, constructed and operated in accordance with air quality regulations. The department regulates more than 3,000 sources of air emissions. The department approves plans for new construction or modification of existing facilities and issues operating permits for major sources. The department has implemented an initiative to streamline the permit process. Inspections and stack tests are conducted to assure that facilities conform to approved operating standards. The department uses compliance agreements and abatement orders to correct violations.

The department assists businesses with compliance with state rules for "area" sources such as auto body refinishing and works with other state and federal agencies and regional entities to obtain reductions from mobile sources of pollution.

The department reviews plans for the management and removal of asbestos in schools, regulates companies doing removal work and oversees the safe disposal of the asbestos.

Program: Environmental Protection and Management (continued)

The department provides multimedia assistance to businesses to promote pollution prevention and environmental management systems. These activities protect the environment and promote economic activity. In addition, the department provides small businesses with grants to hire consultants to assess pollution prevention opportunities and a loan program that small businesses can use for equipment that prevents pollution.

CLEAN WATER

Program Element: Protection of Water Quality

The department protects public health and safety and preserves natural aquatic systems for public use in Pennsylvania's watersheds by monitoring and assessing surface water quality, developing water quality standards, managing non-point sources of pollution, protecting coastal zone resources and regulating mining and oil and gas development.

Water pollution sources are classified into two general categories: point and non-point sources. Point sources are those in which the polluting substances are conveyed into a body of water by a pipe or channel, such as sewage discharges, industrial waste discharges and storm or combined sewage drainage. Non-point sources are generally diffused discharges.

Funding from the Growing Greener II bond is helping to improve water quality by restoring or improve approximately 11,000 acres of riparian forest buffers and installing 34 acid mine drainage (AMD) treatment systems to treat over 8,600 gallons per minute of AMD. That is more than 4.5 billion gallons of AMD treated annually.

Through its planning, permitting, surveillance, monitoring, enforcement and grant administration activities, the department carries out its duties and responsibilities for regulating water pollution control facilities and maintaining a statewide surface and groundwater quality monitoring program. The National Pollutant Discharge Elimination System, a delegated program under the Federal Clean Water Act, requires the commonwealth to permit and monitor point source discharges.

The department has incorporated a significant effort to bring municipalities into compliance with federal combined sewer overflow discharge requirements. Approximately 90 percent of the commonwealth's municipalities are in compliance with the nine minimum controls specified by the department.

The Clean Water State Revolving Fund (CWSRF) program provides low-interest loans to communities for construction of wastewater facilities. The department assists the Pennsylvania Infrastructure Investment Authority (PENNVEST) in implementing this program by establishing priorities for funding and managing and inspecting projects during construction.

Mining activities can degrade water quality through erosion and sediment runoff. The department requires

applicants for mining permits to provide detailed information about hydrology, geology and proposed operations, in order to demonstrate that the mining activity will not adversely impact water quality.

The department also regulates oil and gas development. Through a permitting system for drilling activity, inspection of drilling and storage sites, and monitoring and enforcement actions, the department works toward protecting the environment and balancing conflicting interests among the oil, gas and coal industries.

Program Element: Water Allocation

Under the Water Rights Act of 1939, the department protects aquatic life and downstream users by providing surface water allocation permits to water suppliers. These permits, which grant water rights to public water supply agencies, contain conditions designed to ensure adequate stream flows to protect other in-stream and downstream withdrawal uses and ensure implementation of effective water conservation practices.

The department coordinates interstate management of water resources with other states through agreements covered by the Delaware River Basin Commission, the Susquehanna River Basin Commission, the Interstate Commission on the Potomac River Basin, the Ohio River Valley Water Sanitation Commission and the Chesapeake Bay Commission.

The Water Resources Planning Act of 2002 required the department to complete a State Water Plan. The plan identifies alternatives to assure adequate water supplies in watersheds where demands may exceed availability.

LAND PROTECTION

Program Element: Safe Waste Management

The department encourages waste reduction, promotes recycling and reuse of waste products and protects the public by providing for safe transportation and disposal of the remainder of the waste stream. Its principal programs concern municipal waste, residual waste and hazardous waste.

Act 101 of 1988, the Municipal Waste Planning and Recycling Act, requires mandatory recycling in 478 communities. In 1998, Pennsylvania met the goal set by Act 101 of 1988 by recycling more than 25 percent of its municipal waste. The goal was raised to 35 percent by 2003. Act 175 of 2002 required the department to develop a plan to assist municipalities in making recycling programs under this act financially self-sufficient. This plan was completed in 2004 and is now used as technical assistance in the development of grant applications.

The department regulates new and existing landfills to ensure they are designed, constructed and operated with minimal risk to nearby residents and to the environment. Communities in which landfills or waste-to-energy facilities are located have taken an active role in permitting and

Program: Environmental Protection and Management (continued)

inspecting these facilities to assure that they are operated properly.

Residual waste is non-hazardous material from industrial, mining, commercial and other similar operations. The department regulates residual waste generators and treatment, storage and disposal facilities, municipal waste facilities and transporters. The department performs permitting, closure and ongoing monitoring of residual waste management facilities. Act 93 of 1988 established a manifest system to track infectious (hospital) wastes from generation until disposal.

The department licenses hazardous waste transporters and provides permits to waste management facilities under the Solid Waste Management Act of 1980. In addition, the department tracks the movement of hazardous waste from generation to ultimate treatment or disposal through a manifest program run by the Department of Revenue. The department uses this information to identify discrepancies and take enforcement actions against violators.

Program Element: Protection of Land

The department protects land by regulating storage tanks and requiring reclamation at active mining and oil and gas operations. The Storage Tank and Spill Prevention Act, Act 32 of 1989, protects health, safety and the environment by preventing releases of dangerous materials from Pennsylvania's regulated above ground and underground storage tanks. This is accomplished through a program of registration, permitting, compliance assistance and inspections. In addition, the department certifies storage tank installers and inspectors.

The Federal Surface Mining Control and Reclamation Act established a comprehensive set of performance standards for mining and reclamation of surface and underground coal mines, coal refuse disposal and coal preparation facilities. Pennsylvania is required to follow a mandatory enforcement and civil penalty program under this law and to inspect each mining operation violator monthly until reclamation is achieved. Industrial mineral mines are regulated under the Non-Coal Surface Mining Conservation and Reclamation Act of 1984 and related statutes.

The department offers mine subsidence insurance to residential and small commercial property owners. This insurance program is financially self-supporting and directed by the Coal and Clay Mine Subsidence Insurance Board. The growth in the number and value of policies has steadily increased since the program's inception in 1961.

The department regulates more than 100,000 oil and gas wells and gas storage reservoirs under the Oil and Gas Act of 1984, protecting the environment through permits, inspections and enforcement.

Program Element: Restoration of Land

The department protects health and the environment and promotes community development by restoring sites contaminated by hazardous substances or affected by

historic mining or oil and gas development. More than 13,000 sites in Pennsylvania are known to be contaminated by hazardous substances.

The department's Land Recycling program, which promotes voluntary cleanups, was established by three statutes passed in 1995: Act 2, the Land Recycling and Environmental Remediation Standards Act; Act 3, the Economic Development Agency, Fiduciary and Lender Environmental Liability Act; and Act 4, the Industrial Sites Environmental Assessment Act. The program identifies risk-based standards for cleanups, simplifying the approval process and limiting future liability. In 1999, the department created the Brownfields Inventory Grant program to encourage cleanups through grants to local government and economic development agencies for brownfields inventories. In 2004, Pennsylvania became the first state in the nation to establish a "one-stop cleanup program" creating a one-stop shop for state and federal brownfield cleanup standards.

The department's Hazardous Sites Cleanup Program, authorized by the Hazardous Sites Cleanup Act (HSCA), Act 108 of 1988, provides funding to conduct cleanups where there is no known responsible party. HSCA also provides the department with enforcement authorities to force the persons who are responsible for releases of hazardous substances to conduct cleanup actions or repay cleanup funds spent by the department. HSCA funds are also used to pay Pennsylvania's share of cleanup costs for sites in the Federal Superfund program. Chapter 9 of HSCA established the Hazardous Sites Cleanup Fund (HSCF), which has been utilized to finance thousands of contaminated site cleanups. The program is currently funded through an annual \$40 million transfer from CSFT revenues.

The department's Storage Tank Cleanup program, authorized by the Pennsylvania Storage Tank and Spill Prevention Act, Act 32 of 1989, oversees a corrective action program for regulated above and underground storage tanks. The department's multi-site remediation agreements ensure the investigation and cleanup of the remaining sites contaminated by hazardous materials.

The department resolves environmental degradation and health and safety problems resulting from inactive and abandoned coal mines. The Remaining Operator Assistance program provides assistance and funding to coal operators who mine and reclaim abandoned mine lands by paying for the cost of data collection and permit application. The department also provides direct funding from the Federal Office of Surface Mining for the reclamation of abandoned mines, abatement and treatment of acid mine drainage, control of underground mine fires and refuse bank fires and control of surface subsidence from abandoned deep mines.

The Oil and Gas Act of 1984 requires oil and gas well operators to plug non-producing wells and authorizes permit surcharges to support the department's orphaned and abandoned well plugging program. An unplugged

Program: Environmental Protection and Management (continued)

abandoned well can be a hazard to the health and safety of people living near it and the environment.

SAFE AND HEALTHY COMMUNITIES

Program Element: Safe Drinking Water

The department implements the Pennsylvania Safe Drinking Water Act of 1984 and protects public health by regulating community water systems, serving millions of residents and non-community public water systems generally serving restaurants, industries, schools and motels, which must comply with standards. The department also provides consultative services and inspections for the 700,000 residential water supplies in Pennsylvania. There have been great strides made in reducing waterborne diseases.

As a result of amendments to the Federal Safe Drinking Water Act in 1996, the department is giving increased emphasis to source water protection, operator training and certification and capability enhancements for public water systems to address technical, managerial and financial issues. Nearly 40 percent of community water systems have adopted source water protection strategies and the department has assessed 14,000 drinking water sources for susceptibility to contamination. Source water assessments support the development of local, voluntary source water protection strategies.

The amendments also placed additional emphasis on water infrastructure financing programs like the Safe Drinking Water State Revolving Fund, which is jointly administered by the department and PENNVEST.

Program Element: Radiation Protection

The department protects citizens from exposure to dangerous levels of radiation through licensing and inspection of radiation source users. This includes registering radiation-producing equipment, licensing users of radioactive materials and inspecting facilities to assure compliance. The department inspects mammography x-ray facilities under a contract with the Federal Food and Drug Administration. This activity enhances the quality of mammograms and increases the likelihood of early detection of breast cancer.

The department also monitors the environment for radiation, primarily in the vicinity of nuclear power plants. Samples from ambient air, milk produced on local farms, surface waters, vegetation, fish and silt are collected and tested at regular intervals.

The department works with the Federal Nuclear Regulatory Commission (NRC) to provide routine inspection and oversight for all nuclear power generating facilities in the commonwealth. The department also inspects decommissioning and decontamination activities as well as active sites regulated by the NRC for occupational, public and environmental radiation exposures. Surveys and samples are taken to ensure the cleanup levels established for the site have been met.

The department conducts a program of public education and outreach to encourage voluntary measurement and remediation of naturally occurring radon gas in private dwellings and helps to identify effective solutions. The department certifies radon testing and mitigation firms and testing laboratories to ensure accurate test results and effective construction or remedial techniques. Pennsylvania is one of the most severely affected states in the country for radon problems with approximately 40% of our homes and buildings testing greater than the EPA guideline.

Program Element: Nuisance and Vector Control

The department provides surveillance and control to reduce the threat of West Nile Virus in cooperation with the Departments of Health and Agriculture. The department monitors mosquito populations, takes steps to control mosquitoes that may carry the virus and examines unknown vectors and reservoirs involved in the transmission of the virus. The department also provides information, outreach and funding to build a long-term infrastructure for county government.

The department reduces the black fly population and gives relief to citizens and visitors of the commonwealth by treating 1,600 stream miles of the Susquehanna, Delaware and Allegheny rivers and their tributaries.

Program Element: Emergency Preparedness and Response

The department's emergency response personnel are available whenever there is an immediate threat to public health, safety or the environment. Each year, the department responds to thousands of environmental releases. While the department's major focus is response to spills to land and water, the department also has significant involvement with air pollution incidents (fires or industrial-transportation-related releases) and leaking underground storage tanks. In addition, the department responds to a smaller number of incidents involving public water supply shortages or contamination, mining-related discharges, oil and gas production-related discharges and waterborne illness outbreaks. The department is developing plans to address any contingencies associated with fuel supply disruptions. In addition, the department is prepared to protect the citizens of Pennsylvania in the event of an accident involving radioactive materials at a power plant or other facility utilizing radioactive materials.

Program Element: Dam Safety

The department's stream improvement programs protect lives and property through the construction of physical structures such as dams, levees, flood walls, channels, culverts and bank stabilization works. Major flood protection projects are generally designed to protect communities from damages from the 100-year flood event.

The department regulates dams and reservoirs under the Dam Safety and Encroachments Act of 1978. The department reviews plans and specifications of dam permit

Program: Environmental Protection and Management (continued)

applications and conducts inspections of new dams under construction as well as existing dams to determine their general condition. There are approximately 3,000 dams under active regulation in the commonwealth. In addition, the department regulates construction and maintenance of any obstructions, encroachments and changes to the course and current of streams.

Program Element: Mine Safety

The department protects the health and safety of miners through safety programs that reduce the possibility of accidents. Mine safety inspections include technical evaluations for explosive use, subsidence, map composition, electrical installations, cleaning plant safety, active refuse banks and safety zones. The department provides safety oversight for more than 3,800 mining operations, in addition to safety and emergency medical training and certifications for underground mine workers.

In the event of an emergency, the department responds in order to rescue the affected mine workers. Additionally, the department investigates all fatal and serious accidents that occur at Pennsylvania mines. A report is made outlining the cause of the accident and possible means of preventing a similar accident.

Program Element: Explosives Safety

The department regulates the use, handling and storage of explosives in mining and non-mining situations alike. The department worked with the Pennsylvania State Police and the Pennsylvania Office of Homeland Security on regulations that will greatly enhance the security of explosives storage sites from terrorism and other threats.

The department reviews and issues approximately 1,800 licenses and permit applications for blasting activities annually. The department also conducts inspections at the sites where these activities occur. Additional training and public outreach on explosives is frequently provided. In addition, the department responds to approximately 50 incidents each year involving "orphaned" explosives that are found unsecured or improperly stored. Although blasting seldom results in damage to nearby structures, its effects, such as vibrations, often concern neighbors. The department investigates approximately 400 complaints from blasting activities annually.

SUSTAINABLE ENERGY

Program Element: Advanced Energy Development

The department promotes renewable and advanced energy development through grants, financing and technical support for projects that simultaneously protect the environment and support Pennsylvania's economy. Program goals include greater energy security through a

distributed power infrastructure as well as the retention of energy dollars in the commonwealth.

Funding from the Growing Greener II bond leveraged an additional ten trillion BTUs of electricity generation per year from renewable sources and additional capacity from non-renewable advanced energy sources.

The department is also playing a lead role in initiatives to support statewide net metering and interconnection, the acquisition of credit for energy efficiency and renewable energy in the State Implementation Plan and other outreach efforts to promote advanced energy development. The department is collaborating with the Public Utility Commission to implement the Alternative Energy Portfolio Standards Act of 2004.

The department promotes the use of coal bed and mine methane and coal refuse, which are advanced energy resources. Coal bed methane has long been considered a mining and safety problem but until recently it was overlooked as a resource by the oil and gas industry. The department issues coal bed and mine permits related to coal bed methane exploration, extraction or production. Coal refuse is generally reclaimed for power generation in cogeneration plants.

Program Element: Energy Conservation and Efficiency

The department provides technical support to thousands of companies and other entities each year for the design and installation of technologies to promote energy conservation and efficiency. Many of these technologies originate as Federal Department of Energy Best Practices for the industrial sector. The State Energy Program (SEP) is a federal program that provides funding to promote energy efficiency and pollution prevention. The goal of the State Energy Program is to provide leadership to maximize the benefits of energy efficiency and renewable energy through communications and outreach activities, technology deployment and accessing new partnerships and resources. DEP's State Energy Office has helped to create energy development programs with State Energy Program Funds which place an emphasis on domestically available energy resources including clean alternative energy and energy efficiency. This emphasis creates a circle of economic development and environmental improvement that encourages greater investments in Pennsylvania's economy. Programs which have been used to deploy this mission include grant programs, a variety of education and outreach opportunities as well as the implementation of financial tools to support domestic energy development.

Environmental Protection

Program: Environmental Protection and Management (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND								
	Environmental Program Management								Delaware River Master
\$	-280	—nonrecurring 2011-12 budgetary freeze amount.			\$	-8			—nonrecurring 2011-12 budgetary freeze amount.
	-2,790	—reduction in administrative costs.							Ohio River Basin Commission
\$	-3,070	<i>Appropriation Decrease</i>			\$	-13			—funding elimination.
									Susquehanna River Basin Commission
	Chesapeake Bay Agricultural Source Abatement				\$	-64			—nonrecurring 2011-12 budgetary freeze amount.
\$	-83	—nonrecurring 2011-12 budgetary freeze amount.							Interstate Commission on the Potomac River
					\$	-2			—funding reduction.
	Environmental Protection Operations								Delaware River Basin Commission
\$	-781	—nonrecurring 2011-12 budgetary freeze amount.			\$	-49			—funding reduction.
	-2,812	—reduction in administrative costs.							Ohio River Valley Water Sanitation Commission
\$	-3,593	<i>Appropriation Decrease</i>			\$	-7			—funding reduction.
									Chesapeake Bay Commission
	Black Fly Control and Research				\$	-12			—funding reduction.
\$	-103	—nonrecurring 2011-12 budgetary freeze amount.							Transfer to Conservation District Fund
					\$	-29			—funding reduction.
	West Nile Virus Control								Interstate Mining Commission
\$	-118	—nonrecurring 2011-12 budgetary freeze amount.			\$	-2			—funding reduction.
	Sewage Facilities Planning Grants								
\$	-779	—program elimination.							
	Sewage Facilities Enforcement Grants								
\$	-2,549	—program elimination.							

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Environmental Program Management.....	\$ 28,881	\$ 28,035	\$ 24,965	\$ 24,965	\$ 24,965	\$ 24,965	\$ 24,965
Chesapeake Bay Agricultural Source Abatement.....	2,773	2,750	2,667	2,667	2,667	2,667	2,667
Environmental Protection Operations.....	78,021	78,140	74,547	74,547	74,547	74,547	74,547
Black Fly Control and Research.....	3,386	3,417	3,314	3,314	3,314	3,314	3,314
West Nile Virus Control.....	4,297	3,942	3,824	3,824	3,824	3,824	3,824
Flood Control Projects.....	3,414	0	0	0	0	0	0
Sewage Facilities Planning Grants.....	850	779	0	0	0	0	0
Sewage Facilities Enforcement Grants.....	2,549	2,549	0	0	0	0	0
Delaware River Master.....	85	84	76	76	76	76	76
Ohio River Basin Commission.....	13	13	0	0	0	0	0
Susquehanna River Basin Commission.....	643	637	573	573	573	573	573
Interstate Commission on the Potomac River.....	48	48	46	46	46	46	46
Delaware River Basin Commission.....	993	983	934	934	934	934	934
Ohio River Valley Water Sanitation Commission.....	144	143	136	136	136	136	136
Chesapeake Bay Commission.....	241	239	227	227	227	227	227
Transfer to Conservation District Fund.....	2,914	2,885	2,856	2,856	2,856	2,856	2,856
Interstate Mining Commission.....	32	32	30	30	30	30	30
TOTAL GENERAL FUND.....	\$ 129,284	\$ 124,676	\$ 114,195	\$ 114,195	\$ 114,195	\$ 114,195	\$ 114,195
MOTOR LICENSE FUND:							
Dirt and Gravel Roads.....	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Environmental Protection and Management							
Protection of Air Quality							
Percent of population in counties attaining the ambient ozone standard	100%	100%	100%	100%	100%	100%	100%
Percent of population in counties attaining the ambient PM-2.5 (fine particulate) standard	90%	90%	90%	90%	100%	100%	100%
Tons of hazardous air pollutants emitted	14,889	14,500	14,250	14,000	14,000	14,000	14,000
Protection of Water Quality							
Cumulative miles of assessed streams attaining water uses	67,201	66,700	66,200	66,400	66,600	66,800	67,000
Percentage of assessed stream miles that are impaired	25%	27%	28%	28%	27%	26%	25%
Annual miles of assessed (and reassessed) streams	5,942	2,000	2,000	2,000	2,000	2,000	2,000
Acres of stream buffers installed	3,594	3,500	3,500	3,500	3,500	3,500	3,500
Safe Waste Management							
Tons of municipal solid waste imported into Pennsylvania (in millions)	6.31	6.30	6.29	6.28	6.27	6.26	6.25
Tons of municipal solid waste recycled (in millions)	6.30	6.30	6.30	6.30	6.30	6.40	6.40
Restoration of Land							
Cleanups completed at sites contaminated with hazardous substances	139	140	140	140	140	140	140
Known sites contaminated by hazardous substances	13,757	13,757	13,757	13,757	13,757	13,757	13,757
Leaking storage tank cleanups completed	655	450	400	390	385	375	375
Known leaking storage tank sites	2,924	2,700	2,525	2,360	2,200	2,150	2,000
Safe Drinking Water							
People affected by documented waterborne disease outbreaks at public water systems	0	0	0	0	0	0	0
Percentage of population served by water supply systems that meet health-based standards	95%	95%	95%	95%	95%	95%	95%
Percentage of community water systems with source water protection strategies in place	34%	37%	40%	44%	48%	53%	58%
Radiation Protection							
Residential and commercial buildings with radon mitigated by certified installers	9,489	9,350	9,350	9,350	9,350	9,350	9,350

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Nuisance and Vector Control							
New human infections of West Nile Virus	28	25	7	7	7	7	7
Breeding areas treated to control West Nile Virus	65,726	55,000	50,000	50,000	50,000	50,000	50,000
Black fly complaints received	125	130	135	135	135	135	135
Stream miles treated to control black flies	1,615	1,615	1,615	1,615	1,615	1,615	1,615
Dam Safety							
High Hazard dams upgraded or repaired	23	24	25	15	15	15	15
Dam Emergency Action Plan compliance rate	89%	93%	97%	99%	99%	99%	99%
Mine Safety							
Lost-time accidents per 200,000 employee hours of exposure	2.21	2	2	2	2	2	2
Persons reached for public mine safety education through the "Stay Out Stay Alive" program	127,314	128,000	128,000	128,000	128,000	128,000	128,000
Department-wide Totals							
Complaints received	8,106	7,000	7,000	7,000	7,000	7,000	7,000
Permit applications or requests for authorizations processed	43,754	50,000	50,000	50,000	50,000	50,000	50,000
Enforcement matters executed	11,787	11,600	11,600	11,600	11,600	11,600	11,600
Permits issued for Marcellus Shale gas wells	2,084	2,800	3,000	3,300	3,630	4,000	4,000



ETHICS COMMISSION

The mission of the State Ethics Commission is to promote public confidence in state and local government through its enforcement of the Ethics Act and related legislation.

The responsibilities of the State Ethics Commission include rendering advisory opinions to present or former public officials and public employees, or their appointing authorities, regarding such individuals' duties and responsibilities under the Ethics Act. The Commission also investigates alleged violations of the Ethics Act and prescribes rules and regulations to implement the provisions of the Act.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

2010-11 ACTUAL 2011-12 AVAILABLE 2012-13 BUDGET

GENERAL FUND:

General Government:

State Ethics Commission.....	\$	1,786	\$	1,768	\$	1,680
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Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
ETHICS COMMISSION							
GENERAL FUND.....	\$ 1,786	\$ 1,768	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 1,786	\$ 1,768	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680
ALL PROGRAMS:							
GENERAL FUND.....	\$ 1,786	\$ 1,768	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 1,786	\$ 1,768	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680

PROGRAM OBJECTIVE: To promote public confidence in state and local government through its enforcement of the Ethics Act and related legislation.

Program: Executive Direction

The Pennsylvania State Ethics Commission is an independent state agency first established by Act 170 of 1978 and is charged with the responsibility of enforcing the Public Official and Employee Ethics Act. The Ethics Act applies to public officials, public employees and candidates and nominees for public office. The Commission's responsibilities under the Act include rendering advisory opinions, enforcing the Act as it relates to the filing of Statements of Financial Interests forms, investigating alleged violations of the Act, issuing decisions in relation to such investigations and providing guidance and education to public officials and public employees regarding their duties and responsibilities under the law.

The commission also has additional responsibilities under the Lobbying Disclosure Law. These responsibilities include the enforcement of certain provisions of the law regarding lobbyist and principal registrations and reporting as well as delineated prohibited activities. The Commission is also required to issue advisory opinions under the law.

Pursuant to the Pennsylvania Race Horse Development and Gaming Act, the commission is vested with responsibilities which include generating a public listing of all state, county, municipal, and other government positions meeting the definitions of the terms "public official" or "executive-level public employee" as set forth in the Gaming Act.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
State Ethics Commission
 \$ -88 —funding reduction.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
State Ethics Commission.....	\$ 1,786	\$ 1,768	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680	\$ 1,680

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FISH AND BOAT COMMISSION

The mission of the Fish and Boat Commission is to provide fishing and boating opportunities through the protection and management of aquatic resources.

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Fish and Boat Commission

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>Grants and Subsidies:</i>			
Atlantic States Marine Fisheries Commission.....	\$ 17	\$ 0	\$ 0
BOAT FUND:			
<i>General Government:</i>			
General Operations (EA)	\$ 13,119	\$ 13,042	\$ 13,042
(F)US Coast Guard Grant - Boating Safety.....	2,512	4,500	2,404
(F)Sport Fish Restoration.....	1,748	1,593	1,455
(F)Boating Infrastructure Grant (BIG) Program.....	0	2,636	1,550
(F)Clean Vessels.....	0	0	50
(A)Sale of Vehicles.....	16	18	18
Subtotal - State Funds.....	\$ 13,119	\$ 13,042	\$ 13,042
Subtotal - Federal Funds.....	4,260	8,729	5,459
Subtotal - Augmentations.....	16	18	18
Total - General Government.....	\$ 17,395	\$ 21,789	\$ 18,519
STATE FUNDS.....	\$ 13,119	\$ 13,042	\$ 13,042
FEDERAL FUNDS.....	4,260	8,729	5,459
AUGMENTATIONS.....	16	18	18
BOAT FUND TOTAL	\$ 17,395	\$ 21,789	\$ 18,519
FISH FUND:			
<i>General Government:</i>			
General Operations (EA)	\$ 34,095	\$ 33,749	\$ 33,749
(F)Sport Fish Restoration.....	7,714	7,462	6,821
(F)Wildlife Conservation and Restoration - Non-Game.....	178	0	0
(F)Surface Mine Regulation.....	46	53	56
(F)NOAA.....	157	424	117
(F)USFWS - Partner for Fish & Wildlife.....	57	1,354	1,010
(F)State Wildlife Grant.....	1,153	1,100	500
(F)Federal Reimbursement For Services.....	43	500	30
(A)Sale of Vehicles.....	33	40	40
(A)Reimbursement - DEP/EPA Projects.....	58	0	0
(A)Reimbursement for Services - PennDOT.....	158	185	197
(A)Reimbursement for Services - Miscellaneous.....	519	378	0
(A)High Hazard Dams.....	0	10,680	0
Subtotal - State Funds.....	\$ 34,095	\$ 33,749	\$ 33,749
Subtotal - Federal Funds.....	9,348	10,893	8,534
Subtotal - Augmentations.....	768	11,283	237
Total -	\$ 44,211	\$ 55,925	\$ 42,520
STATE FUNDS.....	\$ 34,095	\$ 33,749	\$ 33,749
FEDERAL FUNDS.....	9,348	10,893	8,534
AUGMENTATIONS.....	768	11,283	237
FISH FUND TOTAL	\$ 44,211	\$ 55,925	\$ 42,520

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
<u>OTHER FUNDS:</u>			
STATE GAMING FUND:			
Payments in Lieu of Taxes (EA).....	\$ 40	\$ 40	\$ 40
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 17	\$ 0	\$ 0
SPECIAL FUNDS.....	47,214	46,791	46,791
FEDERAL FUNDS.....	13,608	19,622	13,993
AUGMENTATIONS.....	784	11,301	255
OTHER FUNDS.....	40	40	40
TOTAL ALL FUNDS.....	<u>\$ 61,663</u>	<u>\$ 77,754</u>	<u>\$ 61,079</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
RECREATIONAL FISHING AND BOATING							
GENERAL FUND.....	\$ 17	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	47,214	46,791	46,791	46,036	46,036	46,036	46,036
FEDERAL FUNDS.....	13,608	19,622	13,993	12,510	12,510	12,510	12,510
OTHER FUNDS.....	824	11,341	295	295	295	295	295
SUBCATEGORY TOTAL.....	\$ 61,663	\$ 77,754	\$ 61,079	\$ 58,841	\$ 58,841	\$ 58,841	\$ 58,841
ALL PROGRAMS:							
GENERAL FUND.....	\$ 17	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	47,214	46,791	46,791	46,036	46,036	46,036	46,036
FEDERAL FUNDS.....	13,608	19,622	13,993	12,510	12,510	12,510	12,510
OTHER FUNDS.....	824	11,341	295	295	295	295	295
DEPARTMENT TOTAL.....	\$ 61,663	\$ 77,754	\$ 61,079	\$ 58,841	\$ 58,841	\$ 58,841	\$ 58,841

Fish and Boat Commission

PROGRAM OBJECTIVE: To conserve aquatic resources including fish and wildlife populations, to provide recreational opportunities for fishing and boating on commonwealth waters, and to promote safe recreational use of these aquatic resources.

Program: Recreational Fishing and Boating

The Fish and Boat Commission is responsible for the enforcement of the fishing and boating laws and regulations, registration of boats, the state boating and water safety education programs, and the management and promotion of recreational boating. The Boating Advisory Board, a group of knowledgeable boaters appointed by the Governor, advises the commission on boating matters.

In addition to recreational boating, the commission is responsible for recreational fishing in the commonwealth.

This includes fish propagation, stocking, fisheries, environmental services, the cooperative nurseries program, research and fish management. The commission also provides for the development, improvement and maintenance of facilities for lake and access areas. As water quality is a major factor in aquatic recreation, the commission's goals are to protect, conserve and enhance aquatic resources by monitoring the water quality of many streams, lakes and rivers in the commonwealth.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

General Operations - Fish Fund and Boat Fund are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Atlantic States Marine Fisheries							
Commission	\$ 17	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
BOAT FUND:							
General Operations (EA)							
	\$ 13,119	\$ 13,042	\$ 13,042	\$ 12,287	\$ 12,287	\$ 12,287	\$ 12,287
FISH FUND:							
General Operations (EA)							
	\$ 34,095	\$ 33,749	\$ 33,749	\$ 33,749	\$ 33,749	\$ 33,749	\$ 33,749

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Recreational Fishing and Boating							
Fishing licenses sold	810,050	871,000	867,000	863,000	859,000	855,000	851,000
Cost per fishing licenses sold	\$0.70	\$0.70	\$0.70	\$0.70	\$0.70	\$0.70	\$0.70
Pounds of fish stocked in commonwealth streams and lakes	2,123,583	2,150,000	2,150,000	2,150,000	2,150,000	2,150,000	2,150,000
Cost per pound of fish stocked in commonwealth streams and lakes	\$5.35	\$5.45	\$5.55	\$5.65	\$5.72	\$5.85	\$5.95
Actively registered boats	201,104	250,000	250,000	260,000	270,000	280,000	290,000
Warnings issued for violations of fishing and boating laws	29,975	31,000	31,000	31,000	31,000	31,000	31,000
Convictions for violations of fishing and boating laws	5,227	6,000	6,000	6,000	6,000	6,000	6,000

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GAME COMMISSION

The mission of the Game Commission is to protect, conserve and manage the diversity of wildlife and their habitats, provide wildlife related education and recreational opportunities for both consumptive and non-consumptive uses of wildlife, and maintain and promote Pennsylvania's hunting and trapping heritage.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GAME FUND:			
General Government:			
General Operations (EA)	\$ 62,202	\$ 66,773	\$ 67,749
(F)Pittman-Robinson Act Reimbursements.....	17,242	15,000	14,000
(F)Endangered Species.....	24	53	56
(F)Surface Mine Regulatory Program.....	6	40	89
(F)USFWS - State Wildlife Grants.....	1,442	1,147	709
(F)Chronic Wasting Disease.....	79	70	70
(F)Federal Reimbursement - Other Wildlife Grants.....	78	302	52
(A)Sale of Vehicles.....	97	100	100
(A)Pennsylvania Conservation Corps.....	130	0	0
(A)Donations.....	105	55	55
(A)Reimbursements.....	141	1,609	1,587
(A)Penndot Reimbursement - Environmental Assessment.....	48	75	50
Subtotal.....	<u>\$ 81,594</u>	<u>\$ 85,224</u>	<u>\$ 84,517</u>
Land Acquisition and Development (EA)	150	150	150
Subtotal.....	<u>\$ 150</u>	<u>\$ 150</u>	<u>\$ 150</u>
Subtotal - State Funds.....	\$ 62,352	\$ 66,923	\$ 67,899
Subtotal - Federal Funds.....	18,871	16,612	14,976
Subtotal - Augmentations.....	521	1,839	1,792
Total - General Government.....	<u>\$ 81,744</u>	<u>\$ 85,374</u>	<u>\$ 84,667</u>
STATE FUNDS.....	\$ 62,352	\$ 66,923	\$ 67,899
FEDERAL FUNDS.....	18,871	16,612	14,976
AUGMENTATIONS.....	521	1,839	1,792
GAME FUND TOTAL	<u>\$ 81,744</u>	<u>\$ 85,374</u>	<u>\$ 84,667</u>
OTHER FUNDS:			
GAME FUND:			
Resident License Fee-Natural Propagation of Wildlife.....	\$ 6,700	\$ 7,000	\$ 7,000
STATE GAMING FUND:			
Payments in Lieu of Taxes (EA).....	\$ 3,475	\$ 3,479	\$ 3,515
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	62,352	66,923	67,899
FEDERAL FUNDS.....	18,871	16,612	14,976
AUGMENTATIONS.....	521	1,839	1,792
OTHER FUNDS.....	10,175	10,479	10,515
TOTAL ALL FUNDS	<u>\$ 91,919</u>	<u>\$ 95,853</u>	<u>\$ 95,182</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
WILDLIFE MANAGEMENT							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	62,352	66,923	67,899	67,899	67,899	67,899	67,899
FEDERAL FUNDS.....	18,871	16,612	14,976	14,976	14,976	14,976	14,976
OTHER FUNDS.....	10,696	12,318	12,307	12,307	12,307	12,307	12,307
SUBCATEGORY TOTAL.....	\$ 91,919	\$ 95,853	\$ 95,182	\$ 95,182	\$ 95,182	\$ 95,182	\$ 95,182
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	62,352	66,923	67,899	67,899	67,899	67,899	67,899
FEDERAL FUNDS.....	18,871	16,612	14,976	14,976	14,976	14,976	14,976
OTHER FUNDS.....	10,696	12,318	12,307	12,307	12,307	12,307	12,307
DEPARTMENT TOTAL.....	\$ 91,919	\$ 95,853	\$ 95,182	\$ 95,182	\$ 95,182	\$ 95,182	\$ 95,182

PROGRAM OBJECTIVE: To establish habitats and environments which will sustain wildlife populations for recreational uses and for the perpetuation of species.

Program: Wildlife Management

The main responsibility of the Game Commission is the perpetuation of the species of wildlife found in Pennsylvania. The commission achieves its mission through wildlife research, management of game habitat, operation of programs for endangered and threatened species and enforcement of the Game and Wildlife Code. Wildlife conservation officers enforce the provisions of the Game and Wildlife Code to protect the natural balance of the commonwealth's wildlife population.

The primary means of ensuring the propagation and preservation of wildlife is properly managing land and game habitats. The commission currently administers more than 1.4 million acres of State Game Lands and is judiciously acquiring additional lands, including critically important wetlands. The commission also administers cooperative programs to encourage good land use management and habitat improvement by private landowners. Wildlife habitat

assessment techniques are used to develop management plans. These assessments apply to all Pennsylvania State Game Lands, Farm Game Projects and other areas actively managed by the Game Commission.

All species receive mandated protection. However, those species considered game animals, such as deer, turkey and bear, receive the most attention. The number of antlerless deer licenses available for sale is based on the deer population projections. The optimal number of deer is based on acres of forested land in the commonwealth. Hunting, while recreational in nature, is a wildlife management tool as well. Future year projection numbers indicate the number of deer that need to be harvested to sustain the population. Also protected by the commission are endangered and threatened species such as river otters, osprey, peregrine falcons and bald and golden eagles.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GAME FUND
General Operations (EA)
 \$ 976 —to continue current program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GAME FUND:							
General Operations (EA)	\$ 62,202	\$ 66,773	\$ 67,749	\$ 67,749	\$ 67,749	\$ 67,749	\$ 67,749
Land Acquisition and Development (EA) ...	150	150	150	150	150	150	150
TOTAL GAME FUND.....	\$ 62,352	\$ 66,923	\$ 67,899	\$ 67,899	\$ 67,899	\$ 67,899	\$ 67,899

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Wildlife Management							
Hunting licenses sold	927,527	930,000	930,000	930,000	930,000	930,000	930,000
Citations for violation of game laws	6,189	7,000	7,000	7,000	7,000	7,000	7,000
Development of wildlife management plans	4	3	3	2	2	2	2



GAMING CONTROL BOARD

The Gaming Control Board regulates the implementation and operation of gaming intended to generate revenues that provide assistance to the commonwealth's horse racing industry, tax relief and economic development opportunities.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
<u>OTHER FUNDS:</u>			
STATE GAMING FUND:			
(R)Administration.....	\$ 27,687	\$ 27,388	\$ 25,142
(R)General Operations.....	8,113	8,113	10,956
Local Law Enforcement Grants (EA).....	2,000	2,000	2,000
STATE GAMING FUND TOTAL.....	\$ 37,800	\$ 37,501	\$ 38,098

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GAMING REGULATION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	37,800	37,501	38,098	38,098	38,098	38,098	38,098
SUBCATEGORY TOTAL.....	\$ 37,800	\$ 37,501	\$ 38,098	\$ 38,098	\$ 38,098	\$ 38,098	\$ 38,098
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	37,800	37,501	38,098	38,098	38,098	38,098	38,098
DEPARTMENT TOTAL.....	\$ 37,800	\$ 37,501	\$ 38,098	\$ 38,098	\$ 38,098	\$ 38,098	\$ 38,098

PROGRAM OBJECTIVE: To provide a revenue stream that supports property tax relief, wage tax reduction in Philadelphia, economic development and the commonwealth's horse racing industry through the implementation and oversight of gaming.

Program: Gaming Regulation

Act 71 of 2004, the Pennsylvania Race Horse Development Act, established the Gaming Control Board to regulate and oversee the implementation and operation of slot machines intended to create new revenue to support property tax relief, wage tax reduction in Philadelphia, economic development and the commonwealth's horse racing industry.

The Gaming Control Board consists of seven members: three gubernatorial appointees, including the chairman of the board, and four legislative appointees. The Secretary of Revenue, the Secretary of Agriculture and the State Treasurer serve as ex officio members.

The State Gaming Fund was established in the act to receive all license fees provided in the act and 34 percent of the gross terminal revenue (GTR) generated by licensed gaming facilities. These proceeds are disbursed on an annual basis as follows:

- \$2 million or .002 multiplied by the GTR, whichever is greater, to the Compulsive and Problem Gambling Treatment Fund in the Department of Health;
- Payments in Lieu of Taxes by the Department of Conservation and Natural Resources, the Fish and Boat Commission and the Game Commission;
- \$25 million to the Emergency Management Agency for Volunteer Company Grants;
- \$2 million for Local Law Enforcement Grants; and
- \$3 million to the Department of Health for drug and alcohol addiction treatment services.

The remaining balance is used to fund property tax relief as provided in Act 1 of Special Session 1 of 2006. In

addition, 4 percent of GTR is distributed as a local share where gaming facilities are located.

Act 71 of 2004 established two new funds. The Gaming Economic Development and Tourism Fund, administered by the Department of Community and Economic Development, receives 5 percent of the GTR and provides for additional uses of gaming revenues as specified in Act 53 of 2007 and Act 63 of 2008. The second fund established by the act, the Race Horse Development Fund, receives a maximum of 12 percent of the GTR generated at each licensed facility.

Act 1 of 2010 authorizes table games at licensed gaming facilities. Table games license fees and 14 percent of gross table game revenue (GTGR) are deposited into the General Fund. After two years of operation, a facility's assessment rate will be reduced to 12 percent of GTGR. When the balance in the Budget Stabilization Reserve Fund exceeds \$750 million, the state share of GTGR will then be deposited into the Property Tax Relief Fund. A 2 percent local share distribution of GTGR is also included in Act 1 of 2010.

Several state agencies provide support to the Gaming Control Board. The Department of Revenue manages a centralized computer system, which calculates the state's share of GTR on a daily basis and monitors the operation of all licensed gaming machines. The Pennsylvania State Police and the Attorney General also have enforcement and oversight responsibilities. The State Gaming Fund is shown in the Other Special Funds Appendix section of this budget.

Program Recommendations:

STATE GAMING FUND

This budget recommends a total of \$36,098,000 from restricted accounts in the State Gaming Fund for the operation of the Gaming Control Board in the 2012-13 fiscal year.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
STATE GAMING FUND:							
Administration.....	\$ 27,687	\$ 27,388	\$ 25,142	\$ 25,142	\$ 25,142	\$ 25,142	\$ 25,142
General Operations	8,113	8,113	10,956	10,956	10,956	10,956	10,956
Local Law Enforcement Grants (EA)	2,000	2,000	2,000	2,000	2,000	2,000	2,000
TOTAL STATE GAMING FUND	\$ 37,800	\$ 37,051	\$ 38,098	\$ 38,098	\$ 38,098	\$ 38,098	\$ 38,098

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DEPARTMENT OF GENERAL SERVICES

The mission of the Department of General Services is to provide the highest quality services, support, commodities and facilities based on customer needs to get the best value for the taxpayers' money. The department strives to improve operational efficiency, reduce costs and burdens of doing business, and expand government contracting opportunities, while ensuring integrity and accountability in operations and activities.

The Department of General Services administers the leasing, purchasing, transportation, construction, repair and maintenance services for all agencies of the commonwealth.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 69,262	\$ 68,691	\$ 65,923
(F)ARRA-Fiscal Stabilization-Administration.....	500	0	0
(F)Homeland Security Grant (EA).....	311	0	0
(A)Federal Surplus Property.....	1,777	1,416	1,452
(A)State Surplus Property.....	520	255	445
(A)State Buildings Use.....	113	105	104
(A)Employee Liability Self Insurance Program.....	372	379	388
(A)Newsroom Services.....	6	6	6
(A)Administrative Services.....	290	198	249
(A)Plans and Specifications.....	11	10	10
(A)Media Center Reimbursements.....	1,045	2,116	2,116
(A)Recycling Program.....	544	384	525
(A)Metrology Fees.....	147	80	193
(A)CoStar Program.....	818	911	1,068
(A)Capitol Police Services.....	97	121	67
(A)Centralized Procurement.....	11,078	9,489	9,489
(A)Energy Office Management Fees.....	149	0	0
(A)DGS Annex.....	759	446	536
(A)Real Estate Settlement.....	1,508	0	0
Subtotal.....	\$ 89,307	\$ 84,607	\$ 82,571
Rental and Municipal Charges.....	21,462	22,583	22,969
(A)Agency Rental Charges.....	389	404	404
(A)Real Estate Services.....	0	84	0
(A)Real Estate Lease Reimbursements.....	17,668	18,046	19,059
Subtotal.....	\$ 39,519	\$ 41,117	\$ 42,432
Utility Costs.....	25,876	25,876	24,574
(A)ESCO Interest.....	21	21	21
(A)DGS Annex.....	251	141	271
Subtotal.....	\$ 26,148	\$ 26,038	\$ 24,866
Printing the Pennsylvania Manual.....	0	65	0
Excess Insurance Coverage.....	1,367	1,412	1,624
Subtotal - State Funds.....	\$ 117,967	\$ 118,627	\$ 115,090
Subtotal - Federal Funds.....	811	0	0
Subtotal - Augmentations.....	37,563	34,612	36,403
Total - General Government.....	\$ 156,341	\$ 153,239	\$ 151,493
Grants and Subsidies:			
Capitol Fire Protection.....	\$ 487	\$ 496	\$ 2,500
STATE FUNDS.....	\$ 118,454	\$ 119,123	\$ 117,590
FEDERAL FUNDS.....	811	0	0
AUGMENTATIONS.....	37,563	34,612	36,403
GENERAL FUND TOTAL.....	\$ 156,828	\$ 153,735	\$ 153,993
MOTOR LICENSE FUND:			
<i>General Government:</i>			
Harristown Rental Charges (EA).....	\$ 89	\$ 92	\$ 88
Harristown Utility and Municipal Charges (EA).....	190	193	189
Total - General Government.....	\$ 279	\$ 285	\$ 277

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
Grants and Subsidies:			
Tort Claims Payments.....	\$ 12,500	\$ 12,500	\$ 12,500
MOTOR LICENSE FUND TOTAL.....	\$ 12,779	\$ 12,785	\$ 12,777
OTHER FUNDS:			
GENERAL FUND:			
Temporary Fleet Vehicles.....	\$ 801	\$ 1,314	\$ 787
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 118,454	\$ 119,123	\$ 117,590
SPECIAL FUNDS.....	12,779	12,785	12,777
FEDERAL FUNDS.....	811	0	0
AUGMENTATIONS.....	37,563	34,612	36,403
OTHER FUNDS.....	801	1,314	787
TOTAL ALL FUNDS.....	\$ 170,408	\$ 167,834	\$ 167,557

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
FACILITY, PROPERTY AND COMMODITY MANAGEMENT							
GENERAL FUND.....	\$ 118,454	\$ 119,123	\$ 117,590	\$ 117,590	\$ 117,590	\$ 117,590	\$ 117,590
SPECIAL FUNDS.....	12,779	12,785	12,777	12,777	12,777	12,777	12,777
FEDERAL FUNDS.....	811	0	0	0	0	0	0
OTHER FUNDS.....	38,364	35,926	37,190	37,190	37,190	37,190	37,190
SUBCATEGORY TOTAL.....	\$ 170,408	\$ 167,834	\$ 167,557	\$ 167,557	\$ 167,557	\$ 167,557	\$ 167,557
ALL PROGRAMS:							
GENERAL FUND.....	\$ 118,454	\$ 119,123	\$ 117,590	\$ 117,590	\$ 117,590	\$ 117,590	\$ 117,590
SPECIAL FUNDS.....	12,779	12,785	12,777	12,777	12,777	12,777	12,777
FEDERAL FUNDS.....	811	0	0	0	0	0	0
OTHER FUNDS.....	38,364	35,926	37,190	37,190	37,190	37,190	37,190
DEPARTMENT TOTAL.....	\$ 170,408	\$ 167,834	\$ 167,557	\$ 167,557	\$ 167,557	\$ 167,557	\$ 167,557

PROGRAM OBJECTIVE: To maintain the commonwealth's real property and facilities; to provide commonwealth agencies with quality commodities in a timely manner; and to settle tort claims in an equitable manner while reducing risks.

Program: Facility, Property and Commodity Management

The Department of General Services oversees the procurement of goods and services, manages non-highway capital projects and is responsible for numerous core operations of state government, including management of the vehicle fleet, Capitol Police force and state buildings and facilities, disposition of surplus property, and general printing operations. The department also serves as the state's real estate agent and insurance broker and oversees the commonwealth's media services and minority and women-owned business programs.

Procurement

The Bureau of Procurement is responsible for purchasing and contracting for services, equipment and supplies for the commonwealth and establishing procurement policy for all state agencies. In total, the bureau oversees more than \$4 billion in goods and services for the commonwealth each year, ranging from office supplies to computers to vehicles. Contracts are negotiated to leverage the aggregate purchasing power of commonwealth agencies for best pricing.

Public Works

The department's Public Works coordinates and oversees the design and construction of all non-highway capital construction projects for the commonwealth. The scope of responsibilities includes new construction and all types of alterations and renovations to existing commonwealth properties and capital improvement projects for all state agencies. Projects range from dams and sewage treatment plants to buildings such as prisons, offices and laboratories. The department also administers the selection of architects and engineers, advertises projects for bid, obtains construction bids, executes construction contracts and manages budgets for construction projects.

Public Works maximizes efficiency and monitors performance through a series of criteria focused upon reducing change order rates, increasing the number of construction projects completed on time and on budget and reducing the number of claims filed against the commonwealth.

Priorities include the appropriate use of competitive Request for Proposals or Best Value contracting to improve the timely delivery of quality multiple prime construction projects by qualified vendors and the annual update of the commonwealth's five year capital plan. The goal of the capital plan is to better manage limited dollars by

developing a comprehensive and strategic approach to releasing capital projects.

Vehicles

The Bureau of Vehicle Management maintains and oversees the commonwealth automotive fleet. All commonwealth vehicles and equipment requiring a license plate, with the exception of vehicles owned by the Department of Transportation and the Turnpike Commission, are titled and registered to the Department of General Services. The bureau approves and tracks the maintenance and repairs of all fleet vehicles to ensure compliance with manufacturers' suggested service programs and monitor operating costs.

The bureau is responsible for the cost effective management of the state fleet by establishing thresholds for permanently assigned vehicles to state employees, minimizing the use of personal vehicle mileage reimbursement and determining optimum vehicle repair schedules.

Capitol Police

The Pennsylvania Capitol Police are responsible for protecting and serving state employees, public officials and visitors to the Capitol Complex and department-managed state office buildings and grounds. This mission is accomplished with security guards and sworn police officers. The Pennsylvania Capitol Police is a state and internationally accredited law enforcement agency, receiving certifications by the Commission on Accreditation for Law Enforcement Agencies and the Pennsylvania Law Enforcement Accreditation Commission. Capitol Police Officers are certified police officers with the Municipal Police Officers Education and Training Commission.

Federal and State Surplus

The Bureau of Supplies and Surplus Operations administers both federal and state surplus property programs. Federal surplus property is donated to state agencies, local municipalities, nonprofit organizations and law enforcement entities for a nominal service charge. During 2010-11, federal property originally valued at \$11.5 million was distributed to eligible organizations. The State Surplus Division enables reutilization of property among commonwealth and local agencies. Thereafter, goods are sold to the public through on-site auctions as well as Internet sales. This division also conducts private sales of Department of Transportation heavy equipment to

Program: Facility, Property and Commodity Management (continued)

municipalities in compliance with Title 4 of the PA Code. Revenue generated from state surplus property was \$6.0 million for 2010-11.

Publications

The Bureau of Publications provides web graphics, graphic design, printing, mailing and signage services to all state agencies and commissions. Projects include annual reports, brochures, newsletters, logos, stationery, book covers, variable data printing and mass mailings. The printing operation provides lithographic offset and digital printing services as well as booklet making, binding, cutting, folding, drilling, padding and mailing services. The State Sign Shop delivers signage, engraving and banner services. The bureau also produces the Pennsylvania Manual and the Commonwealth Telephone Directory.

Real Estate

The Bureau of Real Estate is responsible for the purchase, sale and lease of property and the portfolio management of property and space owned by the commonwealth. The Leasing Division reviews, analyzes, negotiates and administers leases needed by the commonwealth. The Space Management Division analyzes space requests and allocates space to departments, boards and commissions in state owned and leased facilities. The Land Management Division acquires real property for capital projects and disposes of real property owned by the commonwealth. This division also prepares the surplus property plan and administers all leases, licenses and easements involving commonwealth property. The Real Estate Services Division maintains an inventory of facility and building information, a portfolio of commonwealth leases, and building maintenance records.

Risk and Insurance

The department handles approximately 8,000 tort claims each year, in conjunction with the Attorney General's Office, brought against the commonwealth, its officials and employees. Act 151 of 1986 reaffirmed the commonwealth's use of sovereign immunity as a defense against tort claims, but established criteria for limited amounts of liability in nine specific areas: vehicle

liability, medical professional liability, personal property, commonwealth real estate, potholes and other dangerous conditions. These include care, custody and control of domestic animals, liquor store sales, National Guard activities and toxoids and vaccines. The department investigates claims in the pre-litigation stage, while the Office of Attorney General defends against those claims in litigation.

Facilities

The department is responsible for the management and maintenance of 20 state-owned buildings of the Capitol complex and Harrisstown, two regional state office buildings, as well as two executive residences. These facilities contain nearly 7.5 million square feet of office space, with 111.1 acres of grounds, parking area and roadways. Additionally, responsibility for the 53 buildings on 135 acres comprising the former Harrisburg State Hospital complex was transferred to General Services in July 2006.

Minority & Women Business Opportunities

The Bureau of Minority and Women Business Opportunities is focused on assisting minority and women business owners in the commonwealth contracting process and improving their business opportunities. Duties of the bureau include the administration of the commonwealth's certification program, training and outreach for women and minority businesses and enforcement. In addition, General Services administers the statewide contract compliance program that ensures that suppliers and contractors are not discriminatory.

Commonwealth Media Services

Commonwealth Media Services provides audio, video, photographic multi-media and broadcast services for state agencies. Services are available on a continuous basis in the event of emergencies. News conferencing facilities are maintained at the Capitol Media Center. In addition, a full range of creative audio-video services are incorporated into the production of 200 documentaries, educational, promotional, training and public service programs annually.

Program: Facility, Property and Commodity Management (continued)

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		
	General Government Operations	\$ 212	Excess Insurance Coverage
\$ -2,061	—nonrecurring 2011-12 budgetary freeze amount.		—to continue current program.
-707	—decrease in administrative costs.	\$ 2,004	Capitol Fire Protection
\$ -2,768	<i>Appropriation Decrease</i>		—increase in funding support.
	Rental and Municipal Charges	\$ -4	MOTOR LICENSE FUND
\$ 386	—increase in lease costs.		Harristown Rental Charges (EA)
	Utility Costs		—decreased pro rata share of charges.
\$ -1,302	—based on current estimates.	\$ -4	Harristown Utility and Municipal Charges (EA)
	Printing the Pennsylvania Manual		—decreased pro rata share of charges.
\$ -65	—nonrecurring costs.		

The Tort Claims Payments appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 69,262	\$ 68,691	\$ 65,923	\$ 65,923	\$ 65,923	\$ 65,923	\$ 65,923
Rental and Municipal Charges	21,462	22,583	22,969	22,969	22,969	22,969	22,969
Utility Costs.....	25,876	25,876	24,574	24,574	24,574	24,574	24,574
Printing the Pennsylvania Manual	0	65	0	0	0	0	0
Excess Insurance Coverage.....	1,367	1,412	1,624	1,624	1,624	1,624	1,624
Capitol Fire Protection	487	496	2,500	2,500	2,500	2,500	2,500
TOTAL GENERAL FUND	\$ 118,454	\$ 119,123	\$ 117,590	\$ 117,590	\$ 117,590	\$ 117,590	\$ 117,590
MOTOR LICENSE FUND:							
Harristown Rental Charges (EA)	\$ 89	\$ 92	\$ 88	\$ 88	\$ 88	\$ 88	\$ 88
Harristown Utility and Municipal Charges (EA)	190	193	189	189	189	189	189
Tort Claims Payments.....	12,500	12,500	12,500	12,500	12,500	12,500	12,500
TOTAL MOTOR LICENSE FUND	\$ 12,779	\$ 12,785	\$ 12,777	\$ 12,777	\$ 12,777	\$ 12,777	\$ 12,777

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Facility, Property and Commodity Management							
Procurement							
Cumulative DGS procurement related savings (in thousands)*	N/A	\$30,000	\$30,000	\$30,900	\$31,827	\$32,872	\$33,858
Public Works							
Percentage of all construction contracts executed within 45 days of the Notice of Award*	95%	100%	100%	100%	100%	100%	100%
Percent of projects completed annually with final project contract costs within 105 percent of the original project award*	N/A	90%	90%	90%	90%	90%	90%
Torts							
Average cost per settlement	\$460	\$550	\$550	\$550	\$550	\$550	\$550
Claims settled per year	2,450	2,800	2,800	2,800	2,800	2,800	2,800
Minority and Women Owned Businesses							
Annual percentage of commonwealth contract spending awarded to small and small, disadvantaged businesses	17%	15%	15%	15%	15%	15%	15%

* New Program Measure

Data unavailable for years noted as "N/A".

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DEPARTMENT OF HEALTH

The mission of the Department of Health is to promote healthy lifestyles, prevent injury and disease, and to ensure the safe delivery of quality health care for all commonwealth citizens.

To accomplish this mission, the department works collaboratively with public and private community partners to facilitate the development of an effective public health system. The department licenses and regulates a variety of health facilities, and provides outreach, education, prevention and treatment services. Community-based groups receive grants to provide essential services to the commonwealth's citizens including programs for women and children, nutrition, immunization, diagnosis and treatment of certain blood and communicable diseases, cancer control and prevention.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 22,136	\$ 22,718	\$ 21,918
(F)WIC Administration and Operation.....	17,691	27,221	39,655
(F)Health Assessment.....	495	535	535
(F)PHHSBG - Administration and Operation.....	3,185	3,274	2,381
(F)MCHSBG - Administration and Operation.....	15,717	15,576	16,673
(F)Adult Blood Lead Epidemiology.....	133	136	108
(F)EMS for Children.....	141	155	155
(F)TB - Administration and Operation.....	847	1,054	1,087
(F)Lead - Administration and Operation.....	1,029	1,343	988
(F)AIDS Health Education - Administration and Operation.....	4,062	4,358	7,129
(F)Primary Care Cooperative Agreements.....	274	343	313
(F)HIV / AIDS Surveillance.....	963	1,383	1,383
(F)HIV Care - Administration and Operation.....	2,566	4,637	5,578
(F)Rural Access to Emergency Devices.....	0	160	160
(F)Cancer Prevention and Control.....	6,466	7,968	8,359
(F)Environmental Public Health Tracking.....	1,567	1,707	1,100
(F)Health Equity.....	224	225	225
(F)Strengthening Public Health Infrastructure.....	400	500	763
(F)ARRA - Lead - Administration and Operation.....	82	104	0
(F)Public Health Emergency Preparedness and Response (EA).....	70,562	75,765	72,674
(F)Learning Management System (EA).....	73	75	75
(A)Data Center Services.....	30	30	30
(A)Departmental Services.....	0	1	1
(A)ACHIEVE.....	24	6	0
(A)NACDD Epidemiologist.....	88	84	75
(A)H1N1 Social Distancing Law Project.....	25	0	0
Subtotal.....	<u>\$ 148,780</u>	<u>\$ 169,358</u>	<u>\$ 181,365</u>
Quality Assurance.....	17,765 a	19,575	18,878
(F)Medicare - Health Service Agency Certification.....	8,605	11,364	11,364
(F)Medicaid Certification.....	5,921	7,500	7,500
(F)ARRA - Ambulatory Surgical Infection Prevention.....	61	327	200
(A)Publication Fees.....	11	11	11
Subtotal.....	<u>\$ 32,363</u>	<u>\$ 38,777</u>	<u>\$ 37,953</u>
Chronic Care Management.....	1,091 b	1,000	970
Health Care Analysis and Reporting.....	0	0	2,475
(A)Data and Report Services Fees.....	0	0	750
Subtotal.....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,225</u>
Vital Statistics.....	6,486	6,321	5,965
(F)Cooperative Health Statistics.....	1,132	1,653	1,540
(F)Health Statistics.....	62	167	164
(F)Behavioral Risk Factor Surveillance System.....	0	465	565
(F)Birth Certificate Verification (EA).....	519	501	0
(A)Reimbursement for Microfilming.....	64	64	64
(A)Vital-Chek Surcharge.....	297	297	891
(R)County Coroner/Medical Examiner Distribution (EA).....	1,089	1,158	1,158
(R)Vital Statistics Improvement Administration (EA).....	1,072	2,078	1,930
Subtotal.....	<u>\$ 10,721</u>	<u>\$ 12,704</u>	<u>\$ 12,277</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
State Laboratory	3,764	3,534	3,168
(F)Clinical Laboratory Improvement.....	613	678	678
(F)Epidemiology and Laboratory Surveillance and Response.....	1,383	3,500	2,300
(F)Food Emergency Response.....	242	290	147
(A)Blood Lead Testing.....	17	17	17
(A)Blood Lead Specimen Testing.....	12	12	12
(A)Erythrocyte Protoporphyrin Testing.....	14	14	14
(A)Alcohol Proficiency Testing.....	68	68	68
(A)Drug Abuse Proficiency.....	148	148	148
(A)Licensure for Clinical Laboratories.....	447	350	1,039
(A)Low Volume Proficiency Testing.....	256	256	256
(A)Training Course Fees.....	2	2	2
(A)TB NAAT Expansion Grant.....	26	0	0
Subtotal.....	<u>\$ 6,992</u>	<u>\$ 8,869</u>	<u>\$ 7,849</u>
State Health Care Centers	20,898	21,395	20,753
(F)Disease Control Immunization.....	10,389	11,571	11,571
(F)ARRA - Disease Control Immunization.....	1,188	800	0
(F)PHHSBG - Block Program Services.....	3,508	4,231	2,972
(F)Preventive Health Special Projects.....	4,178	3,300	1,900
(F)Collaborative Chronic Disease Programs.....	0	9,559	13,177
(F)Steps to a Healthier US.....	11	0	0
(F)Sexual Violence Prevention and Education.....	2,022	1,996	1,869
(F)ARRA - Prevention and Wellness.....	3,100	3,737	86
(F)Refugee Health Program (EA).....	3,999	4,000	4,000
Subtotal.....	<u>\$ 49,293</u>	<u>\$ 60,589</u>	<u>\$ 56,328</u>
Transition to Department of Drug and Alcohol Programs	0	1,000	0
Sexually Transmitted Disease Screening and Treatment	1,839	1,820	1,729
(F)Survey and Follow-Up - Sexually Transmitted Diseases.....	2,516	2,703	2,741
Subtotal.....	<u>\$ 4,355</u>	<u>\$ 4,523</u>	<u>\$ 4,470</u>
Subtotal - State Funds.....	\$ 73,979	\$ 77,363	\$ 75,856
Subtotal - Federal Funds.....	175,926	214,861	222,115
Subtotal - Augmentations.....	1,529	1,360	3,378
Subtotal - Restricted Revenues.....	2,161	3,236	3,088
Total - General Government.....	<u>\$ 253,595</u>	<u>\$ 296,820</u>	<u>\$ 304,437</u>
Grants and Subsidies:			
Organ Donation Awareness	\$ 25	\$ 0	\$ 0
Diabetes Programs	190	100	0
Primary Health Care Practitioner	3,883	3,864	3,671
(F)Loan Repayment Program.....	244	312	312
(F)Rural Hospital Flexibility Program.....	437	558	481
(F)ARRA - Health Professions Workforce Development.....	113	315	243
Subtotal.....	<u>\$ 4,677</u>	<u>\$ 5,049</u>	<u>\$ 4,707</u>
Newborn Screening	4,152	4,110	3,904
Cancer Screening Services	2,953 c	2,563	2,537
AIDS Programs	7,241	7,169	7,169
(F)AIDS Health Education.....	1,640	1,480	1,680
(F)HIV Care.....	12,000	12,000	11,477
(F)Housing Opportunities for People with AIDS.....	1,965	2,293	2,267
(A)ADAP Rebate Funding.....	1,210	0	0
Subtotal.....	<u>\$ 24,056</u>	<u>\$ 22,942</u>	<u>\$ 22,593</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
Regional Cancer Institutes.....	973	450	345
Rural Cancer Outreach.....	88	0	0
School District Health Services.....	37,620	37,620	36,620
Local Health Departments.....	27,029	26,759	25,421
Local Health - Environmental.....	7,431	7,357	6,989
Maternal and Child Health.....	2,382	887	822
(F)MCH Lead Poisoning Prevention and Abatement.....	1,658	3,178	2,683
(F)ARRA - MCH Lead Poisoning Prevention and Abatement.....	388	348	0
(F)MCHSBG - Program Services.....	15,282	16,882	16,530
(F)Women, Infants and Children (WIC).....	273,148	303,000	336,920
(F)ARRA - Women, Infants and Children (WIC).....	853	762	0
(F)Abstinence Education.....	321	2,875	2,486
(F)Traumatic Brain Injury.....	312	338	274
(F)Environmental Assessment - Child Lead Poisoning.....	212	174	105
(F)ARRA - Environmental Assessment - Child Lead Poisoning.....	42	0	0
(F)Family Health Special Projects.....	1,760	3,619	3,537
(F)Teenage Pregnancy Prevention.....	0	5,297	4,089
(F)Screening Newborns.....	804	843	874
(F)ARRA - Screening Newborns.....	159	0	0
(F)Newborn Hearing Screening and Intervention.....	361	450	336
Subtotal.....	\$ 297,682	\$ 338,653	\$ 368,656
Tuberculosis Screening and Treatment.....	930	920	874
(F)Tuberculosis Control Program.....	225	198	198
Subtotal.....	\$ 1,155	\$ 1,118	\$ 1,072
Renal Dialysis.....	6,779	6,779	6,779
Services for Children with Special Needs.....	1,522	1,551	1,535
Adult Cystic Fibrosis.....	632	450	427
Cooley's Anemia.....	142	100	95
Arthritis Outreach and Education.....	74	0	0
Hemophilia.....	1,317	949	902
Lupus.....	173	100	0
Sickle Cell.....	1,667	1,200	1,140
Regional Poison Control Centers.....	941	700	0
Trauma Program Coordination.....	294	270	0
Epilepsy Support Services.....	387	390	0
Keystone State Games.....	49	0	0
Bio-Technology Research.....	1,946	1,786	0
Tourette Syndrome.....	44	75	0
Emergency Care Research.....	147	0	0
Newborn Hearing Screening.....	300	0	0
Health Research and Services.....	963	0	0
Subtotal - State Funds.....	\$ 112,274	\$ 106,149	\$ 99,230
Subtotal - Federal Funds.....	311,924	354,922	384,492
Subtotal - Augmentations.....	1,210	0	0
Total - Grants and Subsidies.....	\$ 425,408	\$ 461,071	\$ 483,722
STATE FUNDS.....	\$ 186,253	\$ 183,512	\$ 175,086
FEDERAL FUNDS.....	487,850	569,783	606,607
AUGMENTATIONS.....	2,739	1,360	3,378
RESTRICTED REVENUES.....	2,161	3,236	3,088
GENERAL FUND TOTAL.....	\$ 679,003	\$ 757,891	\$ 788,159

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
<u>TOBACCO SETTLEMENT FUND:</u>			
<i>Grants and Subsidies:</i>			
Tobacco Use Prevention and Cessation (EA).....	\$ 14,661	\$ 13,945	\$ 13,993
Health Research - Health Priorities (EA).....	58,833	55,779	0
Health Research - National Cancer Institute (EA).....	3,269	3,099	0
Total - Grants and Subsidies.....	<u>\$ 76,763</u>	<u>\$ 72,823</u>	<u>\$ 13,993</u>
TOBACCO SETTLEMENT FUND TOTAL.....	<u>\$ 76,763</u>	<u>\$ 72,823</u>	<u>\$ 13,993</u>
<u>OTHER FUNDS:</u>			
COMPULSIVE GAMBLING TREATMENT FUND:			
Compulsive and Problem Gambling Treatment.....	\$ 1,775	\$ 4,590	\$ 4,800
EMERGENCY MEDICAL SERVICES OPERATING FUND:			
Emergency Medical Services.....	\$ 11,888	\$ 10,975	\$ 10,975
Catastrophic Medical and Rehabilitation.....	6,450	5,250	5,250
EMERGENCY MEDICAL SERVICES OPERATING FUND TOTAL.....	<u>\$ 18,338</u>	<u>\$ 16,225</u>	<u>\$ 16,225</u>
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND:			
Implementation Costs (EA).....	\$ 96	\$ 96	\$ 96
Hospital and Other Medical Costs (EA).....	104	100	100
Grants to Certified Procurement Organizations (EA).....	522	609	609
Project Make-A-Choice (EA).....	157	241	198
GOV. CASEY ORGAN & TISSUE DONATION AWARENESS FUND TOTAL.....	<u>\$ 879</u>	<u>\$ 1,046</u>	<u>\$ 1,003</u>
PATIENT SAFETY TRUST FUND:			
General Operations (EA).....	\$ 0	\$ 0	\$ 6,500
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 186,253	\$ 183,512	\$ 175,086
SPECIAL FUNDS.....	76,763	72,823	13,993
FEDERAL FUNDS.....	487,850	569,783	606,607
AUGMENTATIONS.....	2,739	1,360	3,378
RESTRICTED.....	2,161	3,236	3,088
OTHER FUNDS.....	20,992	21,861	28,528
TOTAL ALL FUNDS.....	<u>\$ 776,758</u>	<u>\$ 852,575</u>	<u>\$ 830,680</u>

^a 2010-11 Actual includes \$1,119,000 appropriated as Rx for PA – Health Care Associated Infections.

^b Appropriated in Executive Offices.

^c Appropriated as \$671,000 for Expanded Cervical Cancer Screening, \$781,000 for Cancer Control Programs, \$1,501,000 for Breast and Cervical Cancer Screenings.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
HEALTH SUPPORT SERVICES							
GENERAL FUND.....	\$ 43,665	\$ 46,827	\$ 43,964	\$ 43,964	\$ 43,964	\$ 43,964	\$ 43,964
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	143,302	170,178	181,530	181,530	181,530	181,530	181,530
OTHER FUNDS.....	1,168	999	1,673	1,673	1,673	1,673	1,673
SUBCATEGORY TOTAL.....	\$ 188,135	\$ 218,004	\$ 227,167	\$ 227,167	\$ 227,167	\$ 227,167	\$ 227,167
HEALTH RESEARCH							
GENERAL FUND.....	\$ 10,705	\$ 8,657	\$ 8,785	\$ 8,785	\$ 8,785	\$ 8,785	\$ 8,785
SPECIAL FUNDS.....	62,102	58,878	0	0	0	0	0
FEDERAL FUNDS.....	1,713	2,786	2,269	2,269	2,269	2,269	2,269
OTHER FUNDS.....	2,522	3,597	11,293	11,293	11,293	11,293	11,293
SUBCATEGORY TOTAL.....	\$ 77,042	\$ 73,918	\$ 22,347	\$ 22,347	\$ 22,347	\$ 22,347	\$ 22,347
PREVENTIVE HEALTH							
GENERAL FUND.....	\$ 118,347	\$ 115,854	\$ 111,459	\$ 111,459	\$ 111,459	\$ 111,459	\$ 111,459
SPECIAL FUNDS.....	14,661	13,945	13,993	13,993	13,993	13,993	13,993
FEDERAL FUNDS.....	342,835	396,819	422,808	422,808	422,808	422,808	422,808
OTHER FUNDS.....	1,210	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 477,053	\$ 526,618	\$ 548,260	\$ 548,260	\$ 548,260	\$ 548,260	\$ 548,260
HEALTH TREATMENT SERVICES							
GENERAL FUND.....	\$ 13,536	\$ 12,174	\$ 10,878	\$ 10,878	\$ 10,878	\$ 10,878	\$ 10,878
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	20,992	21,861	22,028	22,028	22,028	22,028	22,028
SUBCATEGORY TOTAL.....	\$ 34,528	\$ 34,035	\$ 32,906	\$ 32,906	\$ 32,906	\$ 32,906	\$ 32,906
ALL PROGRAMS:							
GENERAL FUND.....	\$ 186,253	\$ 183,512	\$ 175,086	\$ 175,086	\$ 175,086	\$ 175,086	\$ 175,086
SPECIAL FUNDS.....	76,763	72,823	13,993	13,993	13,993	13,993	13,993
FEDERAL FUNDS.....	487,850	569,783	606,607	606,607	606,607	606,607	606,607
OTHER FUNDS.....	25,892	26,457	34,994	34,994	34,994	34,994	34,994
DEPARTMENT TOTAL.....	\$ 776,758	\$ 852,575	\$ 830,680	\$ 830,680	\$ 830,680	\$ 830,680	\$ 830,680

PROGRAM OBJECTIVE: To provide effective administration and support systems through which the substantive programs of the health delivery system and the department can be achieved.

Program: Health Support Services

Health Support Services provides administrative and technical systems that support disease prevention and treatment. Also included in this program are quality assurance activities and state laboratory facilities.

The Epidemiology program administers studies related to the origin, distribution and trends of major diseases. The department provides epidemiologic assessment of health problems that include environmental occupational hazards and health risk behaviors of the general public or selected populations. The department also provides professional consultation and technical support for other agencies, county health departments and local municipalities.

The Quality Assurance program conducts surveys and inspections of health care facilities, home care agencies, psychiatric residential treatment facilities and intermediate care facilities to determine compliance with state and federal standards and regulations and as a condition of receiving federal Medicare and Medicaid financial support. The surveys determine compliance with various standards including sanitation, fire safety, health and level of care. If deficiencies are noted, a plan for correction is required. Facilities unable or unwilling to correct deficiencies according to a plan agreeable to the department are subject to various penalties. The department's website displays completed surveys for public access.

The frequency of inspections varies by type of facility as required by either state or federal law or regulation. Initial inspections are conducted prior to issuances of licenses. More frequent inspections are made in response to complaints or life-threatening situations. Acute care hospitals are surveyed and licensed on a two-year cycle. Nursing homes are subject to annual inspections. Home care agencies are inspected on a 12 to 36 month schedule. The frequency of inspections is based on the facility's history of compliance and the federal schedule for compliance. Hospice agencies are inspected on-site every other year. One-third of end-stage renal disease facilities are surveyed annually. Currently, 10 percent of other outpatient facilities providing physical therapy, occupational therapy and speech therapy and rural health clinic services are inspected annually. Birth centers and pediatric extended care centers are also inspected annually. Abortion facilities are inspected annually. A random set of abortion facilities will receive more than one annual inspection, and all abortion facility complaints and serious events are inspected within five days. In addition to inspections of health care facilities for compliance with

state licensure and federal certification requirements, the Quality Assurance program conducts formal plan reviews and approval for new construction and remodeling of health care facility projects to assure that the projects will conform to state and federal requirements. Final inspections of the completed construction projects are conducted prior to approval for use and occupancy. The department also surveys and inspects oral surgery providers and blood banks.

The Healthcare-Associated Infections (HAIs) Prevention program supports hospitals, nursing care facilities and ambulatory surgical facilities in reducing the occurrence of healthcare-associated infections through implementing effective identification and reporting; reviewing and approving individual facility infection control plans; developing best practices for monitoring, surveillance and response; and maintaining a reporting program that will establish benchmarks and monitor performance in hospitals and nursing homes.

The Managed Care program is responsible for oversight and regulation of managed care plans including health maintenance organizations (HMOs), gatekeeper preferred provider organizations (PPOs) and point of service products. It licenses new plans, ensures availability and accessibility of health services in plan service areas and monitors quality of care through periodic inspections and external quality reviews. This program reviews and approves provider contracts and reimbursement methods. It licenses and oversees capitated dental plans (dental HMOs), traditional PPOs, nonprofit medical-surgical, vision, and dental plans (including Pennsylvania Blue Shield). In accordance with Act 68 of 1998, it certifies managed care utilization review organizations and monitors compliance with utilization review standards. The program also reviews complaints under Act 68 and coordinates third level grievance reviews conducted by certified external review entities.

The department operates the state laboratory, which maintains a state of readiness to support the investigation of disease outbreaks or threats to public health. The state laboratory performs approximately 196,000 tests each year for diseases including human immunodeficiency virus, rabies, meningitis, influenza, tuberculosis, botulism, and abused drugs, alcohol and lead. It supports disease prevention through the provision of investigatory, diagnostic and confirmatory testing for both infectious diseases and non-infectious conditions including lead poisoning, West

Program: Health Support Services (continued)

Nile Virus and neonatal testing. The state laboratory is designated by the Federal Bureau of Investigation as the primary laboratory for the detection and identification of bioterrorism agents and is the state's reference laboratory in the National Laboratory Response Network and the Food Emergency Response Network. It establishes and monitors the performance standards for more than 9,000 clinical laboratories, including independent labs and those located within hospitals and physicians' offices. Most of these laboratories are located in Pennsylvania; however, clinical lab permits are also issued to out-of-state labs wishing to perform testing on specimens originating in Pennsylvania. The laboratory recommends certification of clinical laboratories under the requirements of the federal Clinical Laboratory Improvement Amendments and houses and supports the federal BioWatch program, which operates 365 days a year, to ensure the safety of the citizens of Pennsylvania.

The federal Centers for Disease Control and Prevention and the Health Resources and Services Administration provide funding to the department to strengthen public

health emergency preparedness and response capabilities through increased infrastructure and program capacity, improved scientific and technical capabilities and enhanced professional training and public education. The Public Health Preparedness program coordinates public health preparedness activities across the commonwealth, including hospital and workforce preparedness, works closely with local and other state agencies, and serves as the liaison with the federal Department of Homeland Security. The program supports the department's efforts to prepare for, protect against, respond to and recover from all acts of bioterrorism and other public health emergencies that affect the civilian population and serves as the focal point within the department for these activities. Public health preparedness activities across the commonwealth include upgrading infectious disease surveillance and investigation, expanding public health laboratory capacity, enhancing communications systems and facilitating state and regional hospital preparedness planning and response efforts.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>General Government Operations</p> <p>\$ -118 —reflects decrease in information technology costs.</p> <p>-682 —nonrecurring 2011-12 budgetary freeze amount.</p> <hr/> <p>\$ -800 <i>Appropriation Decrease</i></p> <p>Quality Assurance</p> <p>\$ -110 —reduction in administrative costs.</p> <p>-587 —nonrecurring 2011-12 budgetary freeze amount.</p> <hr/> <p>\$ -697 <i>Appropriation Decrease</i></p>	<p>State Laboratory</p> <p>\$ -260 —reflects increase in augmentation revenue.</p> <p>-106 —nonrecurring 2011-12 budgetary freeze amount.</p> <hr/> <p>\$ -366 <i>Appropriation Decrease</i></p> <p>Transition to Department of Drug and Alcohol Programs</p> <p>\$ -1,000 —reflects nonrecurring costs associated with establishing the Department of Drug and Alcohol Programs.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 22,136	\$ 22,718	\$ 21,918	\$ 21,918	\$ 21,918	\$ 21,918	\$ 21,918
Quality Assurance.....	17,765	19,575	18,878	18,878	18,878	18,878	18,878
State Laboratory	3,764	3,534	3,168	3,168	3,168	3,168	3,168
Transition to Department of Drug and Alcohol Programs.....	0	1,000	0	0	0	0	0
TOTAL GENERAL FUND	\$ 43,665	\$ 46,827	\$ 43,964	\$ 43,964	\$ 43,964	\$ 43,964	\$ 43,964

PROGRAM OBJECTIVE: To develop better basic scientific knowledge of the nature of disease, illness and the environment, which will improve the use of existing and new health resources.

Program: Health Research

The Health Statistics and Research program is the focal point in Pennsylvania for coordinating the collection, analysis and dissemination of health statistics and information. Its function is to collect statistical information on the health status of the population such as infant mortality, birth to teens and leading causes of death. This program responds to requests for services each year and conducts an annual survey of all hospitals, nursing homes and ambulatory surgery centers in Pennsylvania to obtain information on health resources and health services availability, utilization, staffing and patient characteristics. The Health Statistics and Research program oversees several statewide data collection systems and registries, such as the Behavioral Risk Factor Surveillance System, the statewide immunization registry and the Pennsylvania Cancer Registry. All of the program's publications and statistics are available on the department's website, which includes an interactive health statistics tool.

The Health Statistics and Research program also maintains a central repository for more than 33.5 million records of births, deaths and fetal deaths that occur in the commonwealth. Through automation of this operation, all Pennsylvania birth records from 1921 to the present are available through the department's computer system at the central office and all branch offices. The system processes more than 500,000 requests annually for certified copies of birth and death records for proof of age, citizenship, litigation and genealogy. This system assists in the detection of fraudulent record usage, child support and the report of missing children. Birth and death records are stored on microfilm for preservation and are available for retrieval if required.

This budget proposes to increase administrative efficiencies and streamline state government by consolidating the health statistics, research and reporting functions of the Pennsylvania Health Care Cost Containment Council (PHC4) and the Pennsylvania Patient Safety Authority (Authority) into the Department of Health. The PHC4 collects, analyzes and issues public reports and data about the quality and cost of health care in the commonwealth. It uses advanced statistical and

research methodologies to produce reports on common illnesses that affect Pennsylvanians. Data from more than 4.5 million inpatient hospital discharges and ambulatory/outpatient procedure records, including financial and treatment information, are collected each year. Publicly reported medical costs and outcomes not only help improve patient care but also help consumers make informed choices about where to seek medical treatment.

The Authority is charged with taking steps to reduce and eliminate medical errors and healthcare-associated infections through data collection, identifying problems and recommending solutions that promote patient safety in hospitals, ambulatory surgical facilities, birthing centers and certain abortion providers. The Authority's primary functions include data collection, data analysis, guidance, education and training. The Authority's role is non-regulatory and non-punitive. The Authority collects reports of serious events and incidents which, with respect to civil law matters, are confidential and non-discoverable, and exclude patient and provider names. The Authority is funded through provider assessments, which are collected through the Department of Health's annual licensing fee and deposited into the Patient Safety Trust Fund.

The Commonwealth Universal Research Enhancement (CURE) program provides health research grants to Pennsylvania-based research institutions for biomedical, clinical and health services research designed to improve the health of all Pennsylvania citizens. Health research grants address the research priorities established by the department in conjunction with the Health Research Advisory Committee. Performance reviews are conducted to evaluate the effectiveness of each research project funded by a grant.

This budget proposes to redirect the Tobacco Master Settlement Agreement (MSA) revenue for Health Research (CURE), which includes the Health Priorities and National Cancer Institute initiatives, to offset General Fund costs for long-term care services, consistent with other redirects from the annual MSA payment. Please see the Tobacco Settlement Fund in the Summary by Fund section for additional information.

Program: Health Research (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND</p> <p>Health Care Analysis and Reporting —Initiative—Streamlining Government. To consolidate work processes and support functions transferred from the Pennsylvania Health Care Cost Containment Council.</p> <p>Vital Statistics —reduction in administrative costs. —nonrecurring 2011-12 budgetary freeze amount.</p> <p>Diabetes Programs —funding reduction.</p> <p>Regional Cancer Institutes —nonrecurring 2011-12 budgetary freeze amount. —funding reduction.</p>	<p>\$ 2,475</p> <p>\$ -166</p> <p>\$ -190</p> <hr/> <p>\$ -356</p> <p>\$ -100</p> <p>\$ -23</p> <p>-82</p> <hr/> <p>\$ -105</p>	<p><i>Appropriation Decrease</i></p> <p><i>Appropriation Decrease</i></p> <p><i>Appropriation Decrease</i></p> <p><i>Appropriation Decrease</i></p>	<p>\$ -1,786</p> <p>\$ -55,779</p> <p>\$ -3,099</p>	<p>Bio-Technology Research —funding elimination.</p> <p>TOBACCO SETTLEMENT FUND Health Research - Health Priorities —reflects proposal to redirect Tobacco Master Settlement Agreement revenue to offset General Fund costs for long-term care services.</p> <p>Health Research - National Cancer Institute —reflects proposal to redirect Tobacco Master Settlement Agreement revenue to offset General Fund costs for long-term care services.</p>	<p>In addition, this budget proposes to transfer the Patient Safety Trust Fund to the Department of Health as part of the Streamlining Government initiative.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Health Care Analysis and Reporting.....	\$ 0	\$ 0	\$ 2,475	\$ 2,475	\$ 2,475	\$ 2,475	\$ 2,475
Vital Statistics	6,486	6,321	5,965	5,965	5,965	5,965	5,965
Diabetes Programs.....	190	100	0	0	0	0	0
Regional Cancer Institutes	973	450	345	345	345	345	345
Bio-Technology Research.....	1,946	1,786	0	0	0	0	0
Emergency Care Research	147	0	0	0	0	0	0
Health Research and Services.....	963	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 10,705	\$ 8,657	\$ 8,785	\$ 8,785	\$ 8,785	\$ 8,785	\$ 8,785
TOBACCO SETTLEMENT FUND:							
Health Research - Health Priorities (EA)...	\$ 58,833	\$ 55,779	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Health Research - National Cancer Institute (EA).....	3,269	3,099	0	0	0	0	0
TOTAL TOBACCO SETTLEMENT FUND.....	\$ 62,102	\$ 58,878	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

PROGRAM OBJECTIVE: To reduce morbidity and mortality through the early detection of disease and health defects and the promotion of sound health practices and remedial care.

Program: Preventive Health

A key to the promotion of sound health practices is ensuring that all Pennsylvanians are able to access a range of preventive health and early disease detection services.

The department, through its network of six district offices, 60 state health centers, other public health clinical providers and 10 county and municipal health departments, provides public health services. These programs include communicable disease tracking, investigation, intervention and control services, family health and chronic disease prevention, assessment and intervention services and special environmental health services. The six county and four city health departments also provide a range of individual and environmental public health services within their jurisdictions and are funded through grants and contracts awarded by the department.

To improve the availability of health care in underserved rural and urban areas, the department has established grant programs that enhance the recruitment and retention of primary health care physicians, dentists and other health professionals. Programs include grant awards to establish medical and dental clinics (which require matching funds), to increase the number of dentists' student intern programs to provide clinic services, educational loan repayment and visa waivers for healthcare professionals practicing in designated shortage areas, and support for the stabilization of small rural hospitals.

In addition to these general activities to promote sound health practices, the department provides a variety of programs targeted to specific populations and diseases that represent significant health risks.

Program Element: Women and Infant Programs

The department administers the federally funded Women, Infants and Children (WIC) program. WIC serves pregnant, breast-feeding and postpartum women, infants and children up to five years of age who are at risk due to medical conditions and/or inadequate diet and low income. The program supplies supplemental foods that are rich in nutrients frequently lacking in the diets of the target population. The program ensures that WIC participants receive routine health care and that nutrition education and counseling are made available on a regular basis. Participants are also referred to other appropriate local medical, health and social services. Program benefits promote optimal pregnancy outcomes, improve participant use of pediatric and obstetrical services and enhance early interventions for potential health problems.

To minimize severe health risks to infants, the department conducts a Newborn Screening and Follow-Up

program. The department assures appropriate follow-up services for all newborns with abnormal or inconclusive test results. In addition, these newborns and their families are linked with treatment specialists who conduct diagnostic testing and coordinate the required care. The department also distributes specialized metabolic products statewide for children and pregnant women with phenylketonuria or maple syrup urine disease to lessen the adverse effects of those conditions.

The department facilitates a number of programs designed to help improve the health status of women. These programs include an HIV and pregnancy initiative and a sexually transmitted disease program targeted to chlamydia and gonorrhea. Additionally, breast and cervical cancer screening services are available for low-income underinsured and uninsured women between the ages of 40 and 49 who are at high risk for breast and cervical cancer and to all women, aged 50 to 64, who meet certain eligibility criteria through the department's Healthy Women Project.

The department supports a special smoking cessation program for pregnant women. This includes a promotional campaign advising health care and child care providers of the availability of self-help materials and training opportunities to help women quit smoking.

Program Element: Children's Programs

The department's federally funded immunization program provides immunizations to infants, children and adolescents to reduce the incidence of vaccine-preventable diseases in the commonwealth. While vaccinations are encouraged for all ages, special emphasis is placed on reaching children younger than two years. The program coordinates the surveillance of vaccine-preventable diseases, provides consultation during disease outbreaks, assesses immunization levels, conducts professional and public education programs and initiates, processes and evaluates the child care and school immunization reporting system. In addition, the program provides vaccines and guidance to school districts for the provision of hepatitis B, measles/mumps/rubella and varicella immunizations for students.

The health hazards of environmental lead are addressed through the department's Childhood Lead Poisoning Prevention program. The program identifies children with, or at risk for, lead poisoning. It assures timely medical follow-up, environmental investigation and reduction of lead hazards to prevent adverse effects on intellectual functioning, behavior and overall health status attributable to lead exposure. Appropriate educational,

Program: Preventive Health (continued)

medical and environmental follow-up is provided for the family of each child with a positive screening test result.

The School Health program supports health services for all children who are attending elementary or secondary school, either public or private. The program reimburses 500 school districts, 162 charter schools and 10 vocational technical schools for a portion of the costs associated with providing school nursing and dental services.

Program Element: Other Health Promotion and Disease and Injury Prevention Programs

The department promotes appropriate adult immunization services. These services range from offering Novel H1N1 immunization clinics and assuring that older citizens and others with chronic illnesses are given priority in accessing annual influenza and pneumococcal immunizations to providing information to fire companies, school districts, ambulance corps, corrections officials, police and other public organizations with regard to the purchase of hepatitis B vaccine at reduced rates.

The department ensures that all residents of the commonwealth are served through an infectious disease epidemiological surveillance, investigation and control system. Reported cases of infectious diseases are investigated by the department to determine the infection source, transmission mode and control measures to prevent additional cases. The department also provides a secure, confidential statewide disease surveillance system. This computerized system compares incidence and prevalence rates and identifies risk factors. Disease trends are determined and corrective action recommended to reduce or ameliorate public health risks. Diseases investigated range from giardiasis, hepatitis, salmonellosis, shigellosis, rabies and Lyme disease, to tuberculosis, AIDS and the other prevalent sexually transmitted diseases.

Chronic diseases and injuries and their associated risk factors remain the leading causes of preventable morbidity and premature mortality within the commonwealth. The Pennsylvania Chronic Care Initiative is a practice transformation project that brings together physicians' offices, insurance companies and state government to redesign the way patient care is delivered and managed in primary care settings. With more than 106 practices currently participating in four regional based collaboratives touching the lives of almost one million patients, Pennsylvania was chosen as one of eight states to participate in a Centers for Medicare and Medicaid Services demonstration project for the next three years. The demonstration project is designed to improve the patient centered medical home concept and expound clinical improvement and cost savings.

The department's AIDS programs are a coordinated strategy to prevent and change high-risk behaviors and provide resources and direction for sustaining preventive behavior and avoiding infection with HIV. Emphasis is

placed on enhancing local decision-making processes and targeting activities to local needs through six regional planning coalitions, county/municipal health departments and other providers. The program includes on-site training, both print and electronic public information services, community intervention projects for at-risk populations and the provision of care, case management and supportive services for persons infected and affected by HIV/AIDS. Confidential and anonymous HIV testing and partner notification services are also provided at more than 400 sites statewide.

The goal of the Sexually Transmitted Diseases (STD) program is to reduce the incidence of syphilis, gonorrhea, chlamydia and other STDs. The STD program supports a statewide network of clinical service sites that offer testing, treatment and risk-reduction information and conduct contact elicitation interviews and related investigative services. Special attention and follow-up is provided to those ages 15 and under who have an STD or who are a sexual partner of persons who have an STD and, in order to prevent medical complications among newborns, to pregnant women who have an STD or who are a sexual partner of persons who have an STD.

The Tuberculosis Control program provides outpatient examination, diagnosis and appropriate treatment for persons with tuberculosis disease and infection. Key to preventing the spread of the disease is contact examination and treatment of latent tuberculosis infection in close contacts of infectious cases or other high-risk people.

The department manages the following federally funded programs that also support health promotion and injury prevention activities:

Cancer Prevention and Control programs focus on encouraging lifestyle changes to prevent the development of cancer and to support research, routine testing, screening and early intervention to improve the chance of survival for those who have cancer.

The Oral Health program assesses the status of the oral health of Pennsylvanians, and plans and implements strategies and programs to improve oral health. The program provides oral and dental health educational material primarily in schools and county health offices that are designed to encourage the prevention of tooth decay, periodontal disease and other oral diseases. The program also promotes the beneficial health effects of fluoridation of public water systems.

The Cardiovascular Health program, including the Nutrition and Physical Activity (Obesity Prevention) Programs, promotes healthy active lifestyles through systems, policies and environmental changes in four target environments - communities, health care systems, schools and worksites. These changes support the development of positive individual behaviors to reduce and control diabetes and hypertension, and to prevent heart disease, obesity, stroke and related chronic diseases.

Program: Preventive Health (continued)

The Asthma Control program provides education and information to persons with asthma, caregivers and health professionals that support the identification of triggers and self-management of asthma.

The Violence and Injury Prevention program is designed to reduce the incidence of unintentional injuries, violence and injury-related fatalities through the development of surveillance systems, education programs for at-risk populations and training of health professionals. The department provides funding to 10 county and municipal health departments and other providers to raise public awareness of childhood injuries, educate parents and caregivers about safer environments for children and provide prevention programs on fire safety, poisoning, bicycle safety, falls, firearms storage, drowning and violence prevention.

The department seeks to control the epidemic of disease, disability and death related to the use of tobacco products by Pennsylvania residents. The goals of the department are to change community norms through state-advised, community-driven systems that create environments where it is uncommon to see, use and be negatively impacted by tobacco products and tobacco

smoke pollution, and to reduce the consumption of tobacco by youth and adults.

The department investigates complaints regarding possible violations and enforces provisions of the Clean Indoor Air Act, Act 27 of 2008, which prohibits smoking in a public place with certain exemptions. The statewide Tobacco Use Prevention and Control program is consistent with best practices as defined by the federal Centers for Disease Control and Prevention's Best Practices for Comprehensive Tobacco Control Programs. Funds are provided through grants to regional primary contractors (lead agencies) to implement the components of comprehensive tobacco control programs in all 67 counties. Activities include community and school programs, enforcement of Pennsylvania's youth access to tobacco law and counter-marketing to prevent initiation of tobacco use by youth; cessation programs to help youth and adults quit tobacco use; awareness education and community outreach to protect non-smokers from secondhand smoke, including surveys to determine compliance with the Clean Indoor Air Act; chronic disease programs and initiatives to address tobacco-related health disparities; surveillance and evaluation programs; and administration and management.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>GENERAL FUND</p> <p>Chronic Care Management</p> <p>\$ -30 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>State Health Care Centers</p> <p>\$ -642 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>Sexually Transmitted Disease Screening and Treatment</p> <p>\$ -91 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>Primary Health Care Practitioner</p> <p>\$ -193 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>Newborn Screening</p> <p>\$ -206 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>Cancer Screening Services</p> <p>\$ -26 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>School District Health Services</p> <p>\$ -409 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>-591 —funding reduction.</p> <p>\$ -1,000 <i>Appropriation Decrease</i></p>	<p>Local Health Departments</p> <p>\$ -1,338 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>Local Health - Environmental</p> <p>\$ -368 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>Maternal and Child Health</p> <p>\$ -44 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>-21 —reflects maximized utilization of federal funds.</p> <hr/> <p>\$ -65 <i>Appropriation Decrease</i></p> <p>Tuberculosis Screening and Treatment</p> <p>\$ -46 —funding reduction.</p> <p>Epilepsy Support Services</p> <p>\$ -390 —funding elimination.</p> <p>TOBACCO SETTLEMENT FUND</p> <p>Tobacco Use Prevention and Cessation</p> <p>\$ 48 —based on current estimates.</p>
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The AIDS Programs appropriation is recommended at the current year funding level.

Program: Preventive Health (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Chronic Care Management	\$ 1,091	\$ 1,000	\$ 970	\$ 970	\$ 970	\$ 970	\$ 970
State Health Care Centers	20,898	21,395	20,753	20,753	20,753	20,753	20,753
Sexually Transmitted Disease Screening and Treatment.....	1,839	1,820	1,729	1,729	1,729	1,729	1,729
Primary Health Care Practitioner.....	3,883	3,864	3,671	3,671	3,671	3,671	3,671
Newborn Screening.....	4,152	4,110	3,904	3,904	3,904	3,904	3,904
Cancer Screening Services.....	2,953	2,563	2,537	2,537	2,537	2,537	2,537
AIDS Programs.....	7,241	7,169	7,169	7,169	7,169	7,169	7,169
Rural Cancer Outreach.....	88	0	0	0	0	0	0
School District Health Services	37,620	37,620	36,620	36,620	36,620	36,620	36,620
Local Health Departments.....	27,029	26,759	25,421	25,421	25,421	25,421	25,421
Local Health - Environmental	7,431	7,357	6,989	6,989	6,989	6,989	6,989
Maternal and Child Health.....	2,382	887	822	822	822	822	822
Tuberculosis Screening and Treatment.....	930	920	874	874	874	874	874
Arthritis Outreach and Education.....	74	0	0	0	0	0	0
Epilepsy Support Services.....	387	390	0	0	0	0	0
Keystone State Games.....	49	0	0	0	0	0	0
Newborn Hearing Screening	300	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 118,347	\$ 115,854	\$ 111,459	\$ 111,459	\$ 111,459	\$ 111,459	\$ 111,459
TOBACCO SETTLEMENT FUND:							
Tobacco Use Prevention and Cessation (EA).....	\$ 14,661	\$ 13,945	\$ 13,993	\$ 13,993	\$ 13,993	\$ 13,993	\$ 13,993

PROGRAM OBJECTIVE: To maximize the individual's capacity for independent living through the provision of an array of service and support programs.

Program: Health Treatment Services

The department has responsibility for coordinating a variety of specialized medical services for commonwealth patients. The department also pays for these services in cases where all other available resources, including Medical Assistance (MA) and the Children's Health Insurance Program (CHIP), have been used.

One of the principal concerns of patient management is to provide treatment services at the least expensive level of care while remaining consistent with standards of good medical practice. Inpatient hospital and nursing care is provided for only the most acute medical conditions that require the facilities and services available in an inpatient setting. Because inpatient care is very expensive, programs providing this type of care have imposed strict controls on admissions and, where possible, are using outpatient services in lieu of hospital admissions.

Outpatient treatment services are more economical and cost-effective than inpatient care and are used whenever possible to provide needed treatment services for chronic diseases.

Clinical services are offered in a variety of settings, including state and community health centers, family planning clinics and participating physicians' offices. Minors may seek and receive care under the treatment of minor's provisions of the Disease Prevention and Control Law.

The Chronic Renal Disease program provides dialysis, kidney transplant, drugs, certain physician fees, medical supplies and transportation services to persons with chronic renal failure. The department's Health Promotion program conducts a public information and education program to encourage organ and tissue donation as one means of managing this disease and increasing the quality of life.

The specialty care programs provide children and adults with a variety of services for certain health conditions including adult cystic fibrosis, Cooley's anemia, hemophilia, sickle cell and home ventilator care for children with chronic respiratory failure. Services include diagnosis, direct medical care, case management, comprehensive evaluations and rehabilitative services,

including pharmaceuticals and blood products. In a joint effort to improve utilization of state funds, individuals who appear to be eligible for MA and CHIP are referred to those programs.

Federal funding is also available to facilitate connections to services for children with special needs through the Special Kids Network and Special Kids Network System of Care that support the family health nursing services consultants, which include both special needs consultants and maternal and child health consultants, in each of the department's six district offices. Special Kids Network acquaints families and health care providers with information and referral services and system of care activities, as well as an on-line searchable database of resources. Special Kids Network System of Care provides community-based and family-focused services for children and youth with special health care needs and their families by participating in and facilitating activities such as community systems development, outreach, resource mapping, coalition building and project development and evaluation.

The department is the lead agency for the commonwealth emergency medical services system as defined in Act 45 of 1985, known as the Emergency Medical Services Act. This includes planning, developing, implementing and evaluating the system (including emergency preparedness and response) through 16 regional councils and a statewide advisory council. This program is responsible for licensure of ambulances, medical command facility accreditation, medical command physician recognition, training institute accreditation, certification of pre-hospital practitioners and distribution of funding. Regulations and implementation of the pre-hospital "Do Not Resuscitate" program are managed through the department as well.

The Head Injury program provides case management services and post-acute head injury rehabilitation services to individuals with traumatic head injury. Services are provided through contractual agreements with head injury rehabilitation providers in the commonwealth. Funding is made available through the Emergency Medical Services Operating Fund included in the Special Funds Appendix.

Program: Health Treatment Services (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND						
	Services for Children with Special Needs						Lupus
\$	-16	—nonrecurring 2011-12 budgetary freeze amount.	\$	-100			—funding elimination.
							Sickle Cell
	Adult Cystic Fibrosis						—nonrecurring 2011-12 budgetary freeze amount.
\$	-23	—nonrecurring 2011-12 budgetary freeze amount.	\$	-60			
							Regional Poison Control Centers
	Cooley's Anemia						—funding elimination.
\$	-5	—nonrecurring 2011-12 budgetary freeze amount.	\$	-700			
							Trauma Program Coordination
	Hemophilia						—funding elimination.
\$	-47	—nonrecurring 2011-12 budgetary freeze amount.	\$	-75			Tourette Syndrome
							—funding elimination.

The Renal Dialysis appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
General Fund:							
Organ Donation Awareness.....	\$ 25	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Renal Dialysis.....	6,779	6,779	6,779	6,779	6,779	6,779	6,779
Services for Children with Special Needs..	1,522	1,551	1,535	1,535	1,535	1,535	1,535
Adult Cystic Fibrosis.....	632	450	427	427	427	427	427
Cooley's Anemia.....	142	100	95	95	95	95	95
Hemophilia.....	1,317	949	902	902	902	902	902
Lupus.....	173	100	0	0	0	0	0
Sickle Cell.....	1,667	1,200	1,140	1,140	1,140	1,140	1,140
Regional Poison Control Centers.....	941	700	0	0	0	0	0
Trauma Program Coordination.....	294	270	0	0	0	0	0
Tourette Syndrome.....	44	75	0	0	0	0	0
TOTAL GENERAL FUND.....	\$ 13,536	\$ 12,174	\$ 10,878	\$ 10,878	\$ 10,878	\$ 10,878	\$ 10,878

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Health Support Services							
Licensure and/or Federal Certification Surveys Completed Prior to Licensure Expiration by Facility Type							
Hospitals within 24 months	220	247	245	245	245	245	245
Nursing homes within 15 months	722	711	710	710	710	710	710
Intellectual Disabilities - Intermediate Care Facilities within 12 months	199	188	190	190	190	190	190
Home health agencies within 12 months	444	448	450	450	450	450	450
Hospices within 12 months	180	183	185	185	185	185	185
Home Care Agencies/Registries within 12 months	1,100	1,100	1,150	1,150	1,150	1,150	1,150
Birth Centers within 12 months	6	6	6	6	6	6	6
Pediatric Extended Care Centers within 12 months	13	14	15	15	15	15	15
Laboratory Services							
Clinical laboratories licensed	8,850	8,775	8,775	8,775	8,775	8,775	8,775
Specimens tested by the state laboratory per year	83,000	83,000	83,000	83,000	83,000	83,000	83,000
Rabies tests by the state laboratory per year	3,000	3,000	3,000	3,000	3,000	3,000	3,000
West Nile Virus tests by the state laboratory per year	23,000	23,000	23,000	23,000	23,000	23,000	23,000
Activities Related to Bioterrorism							
Grants awarded for hospitals	163	158	159	159	159	159	159
Surge beds available	8,454	8,075	8,150	8,150	8,150	8,150	8,150
Percentage of eligible hospitals registered to use PA National Electronic Disease Surveillance System (PA-NEDSS)	98%	98%	98%	98%	98%	98%	98%
Percentage of eligible laboratories registered to use PA National Electronic Disease Surveillance System (PA-NEDSS)	79%	79%	80%	81%	81%	81%	81%
Program: Health Research							
Vital Events (births, deaths and fetal deaths)							
Vital events registered and processed	270,194	269,500	269,500	269,500	269,500	268,500	268,500
Percentage of vital events registered and processed within 30 days	95%	95%	95%	95%	95%	95%	95%
Applications for certified copies of birth and death records filled	502,741	520,000	520,000	520,000	520,000	520,000	520,000
Percentage of applications for certified copies of birth and death records filled within five days	40%	40%	40%	40%	40%	40%	40%

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Percentage of cancer abstracts processed within 24 months of diagnosis	99%	99%	99%	99%	99%	99%	99%
Health Research							
New formula and non-formula grants awarded	40	48	0	0	0	0	0
Percentage of completed state-funded research grants that have received a favorable or outstanding performance evaluation from expert peer reviewers	95%	95%	95%	0%	0%	0%	0%
Percentage of completed CURE grants exceeding \$100,000 that have leveraged additional outside funding	70%	70%	70%	0%	0%	0%	0%

The "Health Research" grant measures for 2012-13 reflect the budget recommendation to redirect Tobacco Master Settlement Agreement revenue designated for Health Research to offset General Fund costs for long-term care services.

Program: Preventive Health

State Health Care Centers

Total encounters by State Health Care Centers	561,140	589,167	618,655	618,655	618,655	618,655	618,655
Family health encounters including immunizations, injury prevention, and special health care needs	206,041	208,101	210,180	210,180	210,180	210,180	210,180
Communicable disease encounters including adult immunizations, HIV/AIDS, STD, Tuberculosis and epidemiology	256,259	258,847	261,435	261,435	261,435	261,435	261,435
Chronic disease encounters including cancer, diabetes and tobacco	28,253	29,545	29,840	29,840	29,840	29,840	29,840
Primary care physicians receiving loan repayment forgiveness	100	100	100	100	100	100	100
Percentage of primary care practitioners receiving loan repayment forgiveness remaining in practice in Pennsylvania	80%	80%	80%	80%	80%	80%	80%

Women and Children's Programs

Average number of persons participating in women, infants, and children (WIC) programs each month	266,500	267,000	267,500	268,000	268,500	269,000	269,500
Average actual food cost per WIC participant, per month	\$49.06	\$50.25	\$51.45	\$52.65	\$53.90	\$55.17	\$56.44
Average Nutrition Services and Administration (NSA) operational costs per WIC participant, per month	\$16.81	\$17.31	\$17.83	\$18.36	\$18.91	\$19.46	\$20
Percentage of WIC-enrolled breastfeeding mothers who breastfed their infants for the first six months	20.75%	21.50%	22.25%	22.50%	22.75%	23%	23%

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Newborns receiving state-mandated screening for genetic conditions	150,000	150,000	150,000	150,000	150,000	150,000	150,000
High-risk uninsured women aged 40 to 49 who receive breast and cervical cancer screening as determined by state funding	3,915	3,834	3,835	3,835	3,835	3,835	3,835
Privately owned housing units in targeted geographical areas that are remediated for the presence of lead hazards	54	99	36	99	99	99	99
School Health							
Percentage of school districts, charter schools, and comprehensive vocational technical schools in compliance with certified school nurse coverage requirements	95.50%	96%	96%	96%	96%	96%	96%
Other Communicable Disease Programs and Incidences Reported							
HIV tests at publicly-funded sites	52,000	55,000	55,000	55,000	55,000	55,000	55,000
Percentage of clients testing positive for HIV at department-supported HIV counseling and testing sites returning for results	93%	95%	95%	95%	95%	95%	95%
Incidences of Gonorrhea	7,102	6,200	6,200	6,200	6,200	6,200	6,200
Incidences of Infectious Syphilis	127	125	99	99	99	99	99
Tuberculosis (per 100,000 in population)	2	2	2	2	2	2	2
Injury Prevention							
Children and adults receiving injury prevention education and awareness	25,650	11,543	11,545	11,545	11,545	11,545	11,545
Tobacco Program							
Percentage of callers to the FREE Quitline who received counseling and reported that they have stopped the use of tobacco products at the 6-month follow-up	29%	29%	30%	30%	30%	30%	30%
Percentage of adults (age 18+) who are current cigarette smokers	20%	19%	19%	18%	18%	18%	18%
Percentage of high school students who smoke	16%	16%	15%	15%	14%	14%	14%

The "Privately owned housing units" measure represents projections as shown in three-year federal grant application.

The "Children and adults receiving injury prevention education and awareness" measure for fiscal year 2011-12 and beyond reflects a programmatic shift from individual-based programs to policy and environmental change efforts, which have been shown to be more sustainable and have a greater long-term impact on the population as a whole to promote lasting healthy and safe behaviors.

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Health Treatment Services							
Minimum Number of Children and Adults Receiving Outpatient Treatment Through Department-Supported Programs							
Phenylketonuria, Maple Syrup Urine Disease, Galactosemia	1,833	1,910	1,910	1,910	1,910	1,910	1,910
Renal disease	5,477	5,460	5,460	5,460	5,460	5,460	5,460
Specialty Care Programs							
Sickle Cell disease	8,170	8,170	8,170	8,170	8,170	8,170	8,170
Hemophilia	1,760	1,760	1,760	1,760	1,760	1,760	1,760
Cooley's Anemia	65	65	65	65	65	65	65
Spina Bifida	1,335	1,335	1,335	1,335	1,335	1,335	1,335
Home ventilators	255	255	255	255	255	255	255
Children's rehabilitation services	2,865	2,865	2,865	2,865	2,865	2,865	2,865
Help Line Activities							
Total calls to the help lines	93,000	93,500	94,000	94,000	94,000	94,000	94,000
Calls to Healthy Kids help line	83,781	84,000	84,130	84,130	84,130	84,130	84,130
Calls to Special Kids Network help line	2,653	2,750	2,855	2,855	2,855	2,855	2,855
Percentage of callers who express satisfaction with the services provided by the Special Kids Network	97.60%	97.70%	98%	98%	98%	98%	98%
Emergency Medical Services							
Ambulances licensed annually	1,000	1,100	1,100	1,100	1,100	1,100	1,100
Quick response services recognized to provide medical command annually	500	575	575	575	575	575	575
Hospitals recognized to provide medical command annually	145	145	145	145	145	145	145

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HEALTH CARE COST CONTAINMENT COUNCIL

This budget recommends transferring the functions of the Health Care Cost Containment Council to the Department of Health.

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Health Care Cost Containment Council

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Health Care Cost Containment Council.....	\$ 2,710	\$ 2,683	\$ 0 ^a

^a Funding for this program has been transferred to the Health Care Analysis and Reporting appropriation in the Department of Health.

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HIGHER EDUCATION ASSISTANCE AGENCY

The mission of the Higher Education Assistance Agency is to provide financial aid to higher education students in the form of grants, loans and employment opportunities through the coordination of state and federal aid programs. In addition, the agency provides Institutional Assistance Grants to private institutions enrolling students who participate in the State Grant program.

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Higher Education Assistance Agency

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>Grants and Subsidies:</i>			
Grants to Students.....	\$ 388,313	\$ 380,935	\$ 361,888
(A)Grants to Students Supplement.....	0	50,000	50,000
(F)Byrd Scholarships (EA).....	1,575	1,575	0
Higher Education for the Disadvantaged.....	2,364 ^a	2,364	2,246
Higher Education of Blind or Deaf Students.....	49 ^a	49	47
Matching Payments for Student Aid.....	13,409	13,154	12,496
Institutional Assistance Grants.....	30,110	24,389	17,072
Bond-Hill Scholarships.....	712	534	507
Agricultural Loan Forgiveness.....	68	0	0
SciTech and Technology Scholarships.....	3,471	0	0
Cheyney Keystone Academy.....	1,694	1,525	1,449
Nursing Shortage Initiative.....	962	0	0
 Subtotal - State Funds.....	 \$ 441,152	 \$ 422,950	 \$ 395,705
Subtotal - Federal Funds.....	1,575	1,575	0
Subtotal - Augmentations.....	0	50,000	50,000
 Total - Grants and Subsidies.....	 <u>\$ 442,727</u>	 <u>\$ 474,525</u>	 <u>\$ 445,705</u>
 STATE FUNDS.....	 \$ 441,152	 \$ 422,950	 \$ 395,705
FEDERAL FUNDS.....	1,575	1,575	0
AUGMENTATIONS.....	0	50,000	50,000
 GENERAL FUND TOTAL.....	 <u>\$ 442,727</u>	 <u>\$ 474,525</u>	 <u>\$ 445,705</u>
 OTHER FUNDS:			
HIGHER EDUCATION ASSISTANCE FUND:			
Educational Training Vouchers Program.....	\$ 2,344	\$ 1,776	\$ 1,747
Leveraging Educational Assistance Partnership.....	3,474	0	0
Primary Health Care.....	928	835	835
 HIGHER EDUCATION ASSISTANCE FUND TOTAL.....	 <u>\$ 6,746</u>	 <u>\$ 2,611</u>	 <u>\$ 2,582</u>
 DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 441,152	\$ 422,950	\$ 395,705
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	1,575	1,575	0
AUGMENTATIONS.....	0	50,000	50,000
OTHER FUNDS.....	6,746	2,611	2,582
 TOTAL ALL FUNDS.....	 <u>\$ 449,473</u>	 <u>\$ 477,136</u>	 <u>\$ 448,287</u>

^a Appropriated in the Department of Education.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
FINANCIAL ASSISTANCE TO STUDENTS							
GENERAL FUND.....	\$ 410,080	\$ 398,561	\$ 378,633	\$ 378,633	\$ 378,633	\$ 378,633	\$ 378,633
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,575	1,575	0	0	0	0	0
OTHER FUNDS.....	6,746	52,611	52,582	52,582	52,582	52,582	52,582
SUBCATEGORY TOTAL.....	\$ 418,401	\$ 452,747	\$ 431,215	\$ 431,215	\$ 431,215	\$ 431,215	\$ 431,215
FINANCIAL AID TO INSTITUTIONS							
GENERAL FUND.....	\$ 31,072	\$ 24,389	\$ 17,072	\$ 17,072	\$ 17,072	\$ 17,072	\$ 17,072
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 31,072	\$ 24,389	\$ 17,072	\$ 17,072	\$ 17,072	\$ 17,072	\$ 17,072
ALL PROGRAMS:							
GENERAL FUND.....	\$ 441,152	\$ 422,950	\$ 395,705	\$ 395,705	\$ 395,705	\$ 395,705	\$ 395,705
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,575	1,575	0	0	0	0	0
OTHER FUNDS.....	6,746	52,611	52,582	52,582	52,582	52,582	52,582
DEPARTMENT TOTAL.....	\$ 449,473	\$ 477,136	\$ 448,287	\$ 448,287	\$ 448,287	\$ 448,287	\$ 448,287

Higher Education Assistance Agency

PROGRAM OBJECTIVE: To provide financial assistance to commonwealth residents in order to promote access to institutions of higher education.

Program: Financial Assistance to Students

The Pennsylvania Higher Education Assistance Agency offers financial assistance programs to students in the form of grants, scholarships and work-study awards. Disbursements for the various financial assistance programs are made by PHEAA from its Higher Education Assistance Fund. All General Fund appropriations are transferred to PHEAA's Higher Education Assistance Fund prior to distribution to students and institutions. The Higher Education Assistance Fund is shown in the Other Special Funds Appendix.

Direct grants to students are funded by an annual appropriation from the General Fund, a proportion of PHEAA's business earnings and interest earnings from the deposit of that appropriation in the Higher Education Assistance Fund. The PHEAA Board annually determines by regulation the distribution of funds to applicants on criteria including family income, family size and the cost of the institution the student will be attending.

The objective of the program is to reduce financial barriers and thereby provide access to higher education for all commonwealth residents and, within the limits of the resources available, help to provide freedom of choice between public and private institutions.

The Targeted Industry Cluster Certificate program will provide grants to students enrolled in certificate programs for the targeted industry fields of Energy, Advanced Materials and Diversified Manufacturing and Agricultural and Food Production.

The Higher Education Equal Opportunity program provides tutoring and counseling services to economically and educationally disadvantaged students to aid them in succeeding in college.

The Higher Education of Blind or Deaf Students program provides assistance to any blind or deaf student who is a Pennsylvania resident and enrolled in an approved institution of higher education.

The Matching Funds program provides funds to match federal funds and work-study awards which students earn through several on-campus and off-campus job opportunities. The on-campus jobs program generally provides employment in campus services; the off-campus jobs program places students in career and course of study related work in local communities. Matching funds also leverage private foundation scholarships, thereby providing increased awards for students.

The Horace Mann Bond-Leslie Pinckney Hill Scholarship program provides grants to graduates of Lincoln University and Cheyney University of Pennsylvania who enter selected graduate programs or the professional programs of law, medicine or dentistry at Temple University, the Pennsylvania State University or the University of Pittsburgh.

The Cheyney Keystone Honors Academy program provides scholarships to attract academically talented students to enroll at Cheyney University of Pennsylvania.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND		Matching Payments for Student Aid
	Grants to Students	\$	—funding reduction.
\$ -19,047	—funding reduction.	\$ -658	
	Higher Education for the Disadvantaged	\$	Bond-Hill Scholarships
\$ -118	—funding reduction.	\$ -27	—funding reduction.
	Higher Education of Blind or Deaf Students	\$	Cheyney Keystone Academy
\$ -2	—funding reduction.	\$ -76	—funding reduction.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
General Fund:							
Grants to Students.....	\$ 388,313	\$ 380,935	\$ 361,888	\$ 361,888	\$ 361,888	\$ 361,888	\$ 361,888
Higher Education for the Disadvantaged...	2,364	2,364	2,246	2,246	2,246	2,246	2,246
Higher Education of Blind or Deaf Students.....	49	49	47	47	47	47	47
Matching Payments for Student Aid	13,409	13,154	12,496	12,496	12,496	12,496	12,496
Bond-Hill Scholarships	712	534	507	507	507	507	507
Agricultural Loan Forgiveness.....	68	0	0	0	0	0	0
SciTech and Technology Scholarships	3,471	0	0	0	0	0	0
Cheyney Keystone Academy.....	1,694	1,525	1,449	1,449	1,449	1,449	1,449
TOTAL GENERAL FUND.....	\$ 410,080	\$ 398,561	\$ 378,633	\$ 378,633	\$ 378,633	\$ 378,633	\$ 378,633

Higher Education Assistance Agency

PROGRAM OBJECTIVE: To assist independent post-secondary institutions to maintain enrollments and stabilize their educational costs thereby promoting access to institutions in all sectors for Pennsylvania students.

Program: Financial Aid to Institutions

The Institutional Assistance Grants program, which began in 1974, provides grants to assist independent post-secondary institutions that are not-for-profit, nondenominational and non-recipients of direct state appropriations.

The program provides equal per capita grants to the schools based on the number of full-time equivalent state grant recipients enrolled during the academic year. Eighty-eight institutions are eligible to participate in the program.

The program helps to preserve and develop the diverse system of higher education in Pennsylvania by allowing Pennsylvania's independent colleges and universities to stabilize their educational costs and maintain enrollments. It recognizes the desirability of helping independent institutions remain fiscally sound and serves to promote student access to institutions in all sectors.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
Institutional Assistance Grants
 \$ -7,317 —funding reduction.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Institutional Assistance Grants	\$ 30,110	\$ 24,389	\$ 17,072	\$ 17,072	\$ 17,072	\$ 17,072	\$ 17,072
Nursing Shortage Initiative	962	0	0	0	0	0	0
TOTAL GENERAL FUND.....	\$ 31,072	\$ 24,389	\$ 17,072	\$ 17,072	\$ 17,072	\$ 17,072	\$ 17,072

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Financial Assistance to Students							
Grants to Students							
Applications for grants	644,000	650,000	666,000	689,000	714,000	739,000	766,000
Applications complete and needs tested for eligibility	341,000	349,000	361,000	374,000	387,000	401,000	415,000
Eligible applicants-meeting qualifications	200,000	232,000	252,000	261,000	270,000	279,000	289,000
Eligible applicants enrolled and accepting grants	174,000	189,000	207,000	214,000	222,000	230,000	238,000
Eligible applicants not enrolled at a college/university	25,000	43,000	45,000	47,000	48,000	50,000	52,000
Grant amount as percentage of applicant's total educational cost	8.30%	9.50%	8.40%	8.40%	8.40%	8.40%	8.40%
Students receiving Blind or Deaf Scholarships	69	98	98	98	98	98	98
Work Study							
Students assisted by federal, state and private funds	35,000	35,000	35,000	35,000	36,000	36,000	36,000
Student work study earnings (in millions)	\$53.44	\$54.47	\$57.19	\$60.05	\$63	\$66.21	\$69.52
Program: Financial Aid to Institutions							
Eligible grant recipients enrolled at eligible independent institutions	43,000	45,000	48,000	52,000	55,000	58,000	62,000
Per capita grant	\$710	\$669	\$508	\$328	\$310	\$294	\$275

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HISTORICAL AND MUSEUM COMMISSION

The mission of the Historical and Museum Commission is to preserve the commonwealth's past through leadership, stewardship and service. The commission believes that future generations will be strengthened and inspired by the ideals and traditions of Pennsylvania's heritage.

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Historical and Museum Commission

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 17,617	\$ 17,525	\$ 16,649
(F)Historic Preservation.....	1,168	1,168	1,181
(F)Surface Mining Review.....	190	140	140
(F)Environmental Review.....	415	305	315
(F)Pennsylvania Archaeology (EA).....	170	170	170
(F)Institute of Museum Library Services.....	300	470	150
(F)Lumber Museum.....	198	198	198
(F)American Battlefield Protection.....	37	0	0
(F)Preserve America.....	645	245	210
(F)Coastal Zone Management.....	50	50	50
(F)Highway Planning and Construction.....	190	140	45
(F)National Endowment for the Humanities.....	875	800	0
(F)Paleontological Exhibit.....	10	0	0
(A)State Records Center.....	542	595	530
(A)Keystone Recreation, Park & Conservation Fund.....	0	247	302
Subtotal.....	<u>\$ 22,407</u>	<u>\$ 22,053</u>	<u>\$ 19,940</u>
Subtotal - State Funds.....	\$ 17,617	\$ 17,525	\$ 16,649
Subtotal - Federal Funds.....	4,248	3,686	2,459
Subtotal - Augmentations.....	542	842	832
Total - General Government.....	<u>\$ 22,407</u>	<u>\$ 22,053</u>	<u>\$ 19,940</u>
STATE FUNDS.....	\$ 17,617	\$ 17,525	\$ 16,649
FEDERAL FUNDS.....	4,248	3,686	2,459
AUGMENTATIONS.....	542	842	832
GENERAL FUND TOTAL.....	<u>\$ 22,407</u>	<u>\$ 22,053</u>	<u>\$ 19,940</u>
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:			
<i>Grants and Subsidies:</i>			
Historic Site Development (EA).....	<u>\$ 6,664</u>	<u>\$ 4,943</u>	<u>\$ 6,043</u>
OTHER FUNDS:			
GENERAL FUND:			
Historical Preservation Act of 1966 (F).....	\$ 95	\$ 117	\$ 105
Rent and Other Income.....	73	35	35
GENERAL FUND TOTAL.....	<u>\$ 168</u>	<u>\$ 152</u>	<u>\$ 140</u>
HISTORICAL PRESERVATION FUND:			
Historical Preservation Fund.....	<u>\$ 1,902</u>	<u>\$ 1,395</u>	<u>\$ 1,418</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 17,617	\$ 17,525	\$ 16,649
SPECIAL FUNDS.....	6,664	4,943	6,043
FEDERAL FUNDS.....	4,248	3,686	2,459
AUGMENTATIONS.....	542	842	832
OTHER FUNDS.....	2,070	1,547	1,558
TOTAL ALL FUNDS.....	<u>\$ 31,141</u>	<u>\$ 28,543</u>	<u>\$ 27,541</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
STATE HISTORIC PRESERVATION							
GENERAL FUND.....	\$ 17,617	\$ 17,525	\$ 16,649	\$ 16,649	\$ 16,649	\$ 16,649	\$ 16,649
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	4,248	3,686	2,459	2,459	2,459	2,459	2,459
OTHER FUNDS.....	2,612	2,389	2,390	2,453	2,514	2,567	2,588
SUBCATEGORY TOTAL.....	\$ 24,477	\$ 23,600	\$ 21,498	\$ 21,561	\$ 21,622	\$ 21,675	\$ 21,696
MUSEUM ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	6,664	4,943	6,043	7,307	8,511	9,576	10,006
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 6,664	\$ 4,943	\$ 6,043	\$ 7,307	\$ 8,511	\$ 9,576	\$ 10,006
ALL PROGRAMS:							
GENERAL FUND.....	\$ 17,617	\$ 17,525	\$ 16,649	\$ 16,649	\$ 16,649	\$ 16,649	\$ 16,649
SPECIAL FUNDS.....	6,664	4,943	6,043	7,307	8,511	9,576	10,006
FEDERAL FUNDS.....	4,248	3,686	2,459	2,459	2,459	2,459	2,459
OTHER FUNDS.....	2,612	2,389	2,390	2,453	2,514	2,567	2,588
DEPARTMENT TOTAL.....	\$ 31,141	\$ 28,543	\$ 27,541	\$ 28,868	\$ 30,133	\$ 31,251	\$ 31,702

PROGRAM OBJECTIVE: To manage and safeguard Pennsylvania's historic resources through a comprehensive history and museum program to educate, interpret, research and preserve all areas of Pennsylvania history.

Program: State Historic Preservation

The State Historic Preservation program administered by the Historical and Museum Commission is comprised of four major elements. These elements include Executive Direction and Administration, Pennsylvania State and Local Records, Historic Site and Museum Operations, and Historic Preservation.

Program Element: Executive Direction and Administration

This program provides general policy and direction for administering the commission's operations. It includes legislative, marketing and press relations, human resources management, procurement, information technology and management of the commission's website, financial grant administration, fiscal and revenue management, and other support services.

Program Element: State and Local Records

This program supports the operation of the State Archives and the State Records Center. The State Archives is responsible for identifying, acquiring, preserving and providing public access to the permanently valuable and historical records created by government. This responsibility extends to electronic records and to the use of electronic and web technology to facilitate public access. The archives maintains and preserves program files, maps, correspondence, reports, photographs, minutes, case files and various records that document the significant activities of Pennsylvania's proprietary and state governments, including the records of the land office and hundreds of existing and defunct governmental agencies. The State Records Center is the official repository for inactive records that must be maintained by state agencies for administrative, fiscal or legal purposes.

This program also administers state executive branch and local government records management programs and provides other services to state and local government offices. These services include preparation of records retention schedules, processing of records disposal requests, promulgation of standards for retention of records in different storage media and training, and technical assistance to records custodians.

Program Element: Historic Site and Museum Operations

This program supports the operation of numerous historic sites and museums throughout the commonwealth that are open to the public, including the State Museum of Pennsylvania. This program provides educational collections and exhibition programs and living history and other types of tours to interpret Pennsylvania history; it also utilizes cooperative initiatives with associate organizations to further provide for educational and public programs. This program includes facility development and architectural and design activities as part of a preservation maintenance program funded through the Keystone Recreation, Park and Conservation Fund Grant program; collections management; and conservation of historical artifacts, papers and paintings.

In addition, this program supports a property management and lease function through cooperative agreements with management groups, for-profit and not-for-profit organizations to operate, maintain and utilize historic sites, buildings and agricultural lands under the custody of the commission.

Program Element: Historic Preservation

This program is responsible for the identification, protection and enhancement of buildings, structures and districts of historic and architectural significance within the commonwealth. It provides for the infusion of federal funds from the Department of the Interior to enhance the economic base of many communities in Pennsylvania; provides a survey and National Register nomination program; maintains an information network providing direction and assistance to local preservation organizations; administers an archaeological program to protect resources and improve policies and procedures and provide direction to the professional and advocate communities; and preserves and protects endangered historic public and private buildings, structures and landmarks through a not-for-profit statewide revolving fund.

Historical and Museum Commission

Program: State Historic Preservation (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND	
	General Government Operations	
\$	-526	—nonrecurring 2011-12 budgetary freeze amount.
	<u>-350</u>	—reduction in administrative costs.
\$	-876	<i>Appropriation Decrease</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	<u>\$ 17,617</u>	<u>\$ 17,525</u>	<u>\$ 16,649</u>	<u>\$ 16,649</u>	<u>\$ 16,649</u>	<u>\$ 16,649</u>	<u>\$ 16,649</u>

Historical and Museum Commission

PROGRAM OBJECTIVE: To assure provision of representative artifacts, specimens of history, art and science for all citizens through the support of museums within the commonwealth.

Program: Museum Assistance

This program is comprised of the Keystone Recreation, Park and Conservation Fund Grant program that provides financial assistance designed to enhance the quality of history and museum activities in Pennsylvania.

The Keystone Recreation, Park and Conservation Fund Grant program is a competitive grants process created by Act 50 of 1993. Funding is available to Pennsylvania not-for-profit organizations and public agencies that operate a

publicly accessible historic property listed in or eligible for the National Register of Historic Places, or to organizations that operate a contributing historic property in a National Register Historic District. Grants are awarded on a 50-50 matching basis and support projects in redevelopment, preservation, rehabilitation, restoration and other related areas.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

KEYSTONE RECREATION, PARK AND CONSERVATION FUND
Historic Site Development (EA)
 \$ 1,100 —to continue current program

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
KEYSTONE RECREATION, PARK AND CONSERVATION FUND:							
Historic Site Development (EA).....	\$ 6,664	\$ 4,943	\$ 6,043	\$ 7,307	\$ 8,511	\$ 9,576	\$ 10,006

Historical and Museum Commission

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: State Historic Preservation							
State and Local Records							
Pages of archives and historical manuscripts (in thousands)	222,000	225,000	228,000	231,000	234,000	237,000	240,000
Records maintained by the State Records Center (number of boxes)*	239,540	240,000	240,000	240,000	240,000	240,000	240,000
Savings realized by storing records at the State Records Center (in thousands)	\$4,220	\$4,220	\$4,220	\$4,220	\$4,220	\$4,220	\$4,220
Expired/inactive records destroyed by the State Records Center	93,000	93,000	93,000	93,000	93,000	93,000	93,000
Historic Site and Museum Operations							
Annual ticketed visits to commission historical sites and museums (in thousands)*	483	500	515	530	545	560	575
Annual nonticketed visitors to commission historical sites and museums (in thousands)*	800	800	800	800	800	800	800
Historic Preservation							
Buildings maintained and conserved	456	456	456	456	456	456	456
Historic markers	2,328	2,350	2,375	2,400	2,425	2,450	2,475
Evaluations for the National Register of Historic Properties	500	500	500	500	500	500	500
Program value of private investment projects in Rehabilitation Investment Tax Credit program (in millions)*	\$301	\$301	\$301	\$301	\$301	\$301	\$301
Rehabilitation Investment Tax Credit approved projects*	35	50	50	50	50	50	50
Historic Preservation Projects and Environmental Reviews performed*	5,974	6,000	6,000	6,000	6,000	6,000	6,000
Professional History and Museum Support Services							
Historic artifacts maintained and conserved (in thousands)	4,700	4,750	4,800	4,800	4,800	4,800	4,800
* New Program Measure							
Program: Museum Assistance							
Keystone project grants awarded	56	75	75	75	75	75	75



INFRASTRUCTURE INVESTMENT AUTHORITY

The mission of the Infrastructure Investment Authority (PENNVEST) is to improve Pennsylvania's water and foster job creation opportunities through the provision of low-interest loans and limited grants to municipalities, municipal authorities and private entities for the construction of drinking water, wastewater, stormwater and brownfields projects.

The Pennsylvania Infrastructure Investment Authority administers the PENNVEST program authorized by Act 16 of 1988.

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Infrastructure Investment Authority

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>Grants and Subsidies:</i>			
(F)Sewage Projects Revolving Loan Fund.....	\$ 86,350	\$ 66,350	\$ 160,050
(F)Drinking Water Projects Revolving Loan Fund.....	75,741	75,841	73,857
(F)ARRA – Sewage Projects Revolving Loan Fund.....	165,000	54,000	14,000
(F)ARRA – Drinking Water Projects Revolving Loan Fund.....	40,000	25,000	3,000
Total - Grants and Subsidies.....	<u>\$ 367,091</u>	<u>\$ 221,191</u>	<u>\$ 250,907</u>
GENERAL FUND TOTAL.....	\$ 367,091	\$ 221,191	\$ 250,907
OTHER FUNDS:			
ENVIRONMENTAL STEWARDSHIP FUND:			
Storm Water, Water and Sewer Grants (EA).....	\$ 7,439	\$ 8,184	\$ 5,662
PENNVEST FUND:			
PENNVEST Operations (EA).....	\$ 2,323	\$ 2,301	\$ 2,323
Grants - Other Revenue Sources (EA).....	11,000	4,000	2,000
Revenue Bond Loan Pool (EA).....	10	10	10
Revolving Loans and Administration.....	56,402	125,000	125,000
Growing Greener Grants.....	8,592	16,000	12,000
Revolving Loans - Conditional Funds.....	2,754	2,500	3,000
PENNVEST FUND TOTAL.....	<u>\$ 81,081</u>	<u>\$ 149,811</u>	<u>\$ 144,333</u>
PENNVEST WATER POLLUTION CONTROL REVOLVING FUND:			
PENNVEST Water Pollution Control Revolving Fund.....	\$ 2,352	\$ 13,580	\$ 32,771
Additional Sewage Projects Revolving Loans (EA).....	240,000	185,000	200,000
Transfer to Drinking Water Revolving Fund (EA).....	20,000	20,000	20,000
Sewage Projects Revolving Loan Fund (F)(EA).....	0 ^a	0 ^a	0 ^a
On-lot Sewage Disposal Systems (F)(EA).....	0 ^b	0 ^b	0 ^b
Revolving Loans - Conditional Funds.....	5,254	3,000	5,000
PENNVEST WATER POLLUTION CONTROL REVOLVING FUND TOTAL.....	<u>\$ 267,606</u>	<u>\$ 221,580</u>	<u>\$ 257,771</u>
PENNVEST DRINKING WATER REVOLVING FUND:			
PENNVEST Drinking Water Project Revolving Fund.....	\$ 351	\$ 5,000	\$ 10,000
Additional Drinking Water Projects Revolving Loans (EA).....	105,000	75,000	75,000
Drinking Water Projects Revolving Loan Fund (F)(EA).....	0 ^c	0 ^c	0 ^c
Loan Program Administration (F)(EA).....	0 ^d	0 ^d	0 ^d
Technical Assistance to Small Systems (F)(EA).....	0 ^e	0 ^e	0 ^e
Assistance to State Programs (F)(EA).....	0 ^f	0 ^f	0 ^f
Local Assistance and Source Water Pollution (F)(EA).....	0 ^g	0 ^g	0 ^g
Revolving Loans - Conditional Funds.....	47	1,000	1,000
PENNVEST DRINKING WATER REVOLVING FUND TOTAL.....	<u>\$ 105,398</u>	<u>\$ 81,000</u>	<u>\$ 86,000</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	367,091	221,191	250,907
OTHER FUNDS.....	461,524	460,575	493,766
TOTAL ALL FUNDS.....	\$ 828,615	\$ 681,766	\$ 744,673

Summary by Fund and Appropriation

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- ^a Not added to the total to avoid double counting: 2010-11 Actual is \$86,300,000, 2011-12 Available is \$66,300,000 and 2012-13 Budget is \$160,000,000.
 - ^b Not added to the total to avoid double counting: 2010-11 Actual is \$50,000, 2011-12 Available is \$50,000 and 2012-13 Budget is \$50,000.
 - ^c Not added to the total to avoid double counting: 2010-11 Actual is \$59,896,000, 2011-12 Available is \$60,000,000 and 2012-13 Budget is \$60,000,000.
 - ^d Not added to the total to avoid double counting: 2010-11 Actual is \$2,345,000, 2011-12 Available is \$2,341,000 and 2012-13 Budget is \$2,357,000.
 - ^e Not added to the total to avoid double counting: 2010-11 Actual is \$1,000,000, 2011-12 Available is \$1,000,000 and 2012-13 Budget is \$1,000,000.
 - ^f Not added to the total to avoid double counting: 2010-11 Actual is \$6,000,000, 2011-12 Available is \$6,000,000 and 2012-13 Budget is \$4,500,000.
 - ^g Not added to the total to avoid double counting: 2010-11 Actual is \$6,500,000, 2011-12 Available is \$6,500,000 and 2012-13 Budget is \$6,000,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
PENNVEST							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	367,091	221,191	250,907	119,278	119,351	119,426	119,503
OTHER FUNDS.....	461,524	460,575	493,766	377,026	376,026	375,026	375,026
SUBCATEGORY TOTAL.....	\$ 828,615	\$ 681,766	\$ 744,673	\$ 496,304	\$ 495,377	\$ 494,452	\$ 494,529
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	367,091	221,191	250,907	119,278	119,351	119,426	119,503
OTHER FUNDS.....	461,524	460,575	493,766	377,026	376,026	375,026	375,026
DEPARTMENT TOTAL.....	\$ 828,615	\$ 681,766	\$ 744,673	\$ 496,304	\$ 495,377	\$ 494,452	\$ 494,529

PROGRAM OBJECTIVE: To promote public health and a clean environment and to further economic development in the commonwealth by providing a financing program, technical assistance and administrative support for community drinking water systems, municipal sewage treatment facilities and stormwater control projects.

Program: PENNVEST

The PENNVEST Program authorized by Act 16 of 1988 provides an investment pool of capital to rebuild and expand community drinking water systems and municipal sewage treatment facilities in the commonwealth. These systems and facilities are essential for the protection of public health and the promotion of economic development. Many systems and facilities need to be repaired, upgraded or expanded to meet environmental standards and economic development goals. Act 5 of 1992 established a program to fund stormwater control projects. Funding these needed improvements has often proved difficult, especially for small communities. In 2004, the program was further expanded to include the funding of brownfield reclamation and remediation projects to further revitalize Pennsylvania's older, established communities.

Initial funding for the PENNVEST Fund came from several sources: a \$300 million bond issue approved by voter referendum; the balance of approved Water Facilities Loan Fund bonds; federal seed money for a sewage treatment facilities revolving loan fund and a drinking water project revolving loan fund; and some available Capital Facilities bonds. Act 5 of 1992 authorized a \$350 million bond issue, which was approved by referendum, to provide additional funding for the program. In 1990-91, the PENNVEST Revenue Bond Pool program began providing funding. Act 68 of 1999 provided additional grant funds for stormwater, water and sewer projects as part of the Growing Greener initiatives. Act 218 of 2004 established the Water Supply and Wastewater Treatment Fund and authorized an additional \$50 million in funding that the authority used as grants for combined sewer overflow, sanitary sewer overflow and nutrient reduction technology projects. Act 64 of 2008 authorized a \$400 million bond issue, which was approved by referendum, to provide grants and loans to municipalities and public utilities for the acquisition, repair, construction, reconstruction, rehabilitation, extension, expansion and improvement

of water supply and sewage treatment systems as well as the purchase or trading of nutrient credits. Added to this are interest earnings on the fund's cash flow, interest and principal payments made on loans and grant funds received through the Environmental Stewardship Fund, which is primarily funded from tipping fee revenue.

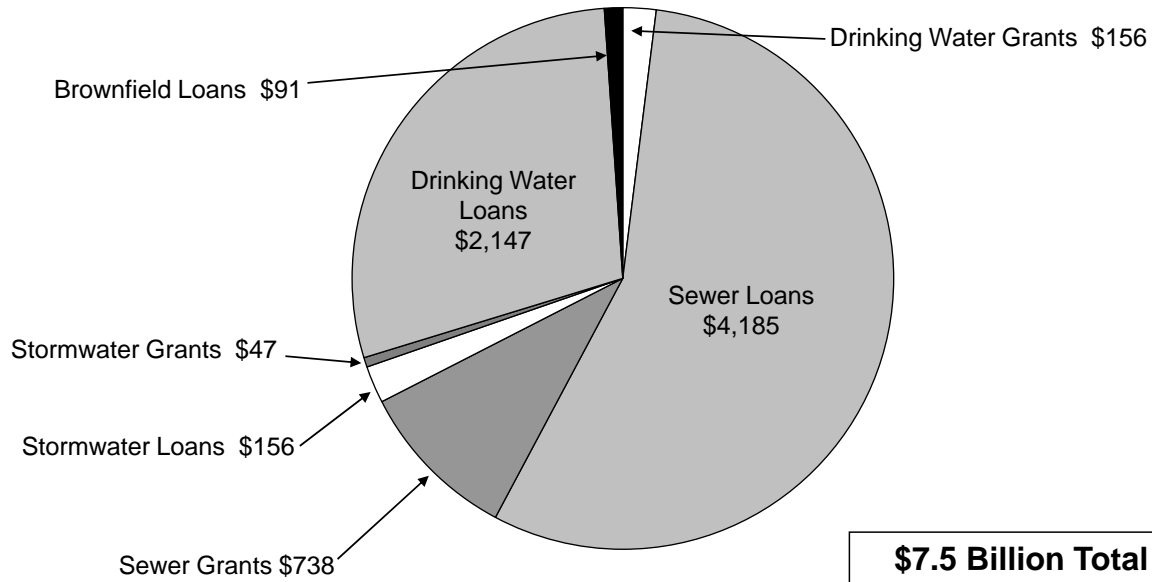
PENNVEST funds are used for loans and grants to municipalities, municipal authorities and private firms to improve water, sewage and stormwater systems they own. Loans are available to individual homeowners to upgrade their on-lot septic systems. The Pennsylvania Infrastructure Investment Authority, supported by the Department of Environmental Protection, helps system owners apply for funding, provides technical assistance in planning and designing projects and, if necessary, reviews applicants' operations to improve efficiency.

To facilitate fund management and accounting, several separate funds have been established. The PENNVEST Fund serves as the repository of interest and investment income and loan repayments. Loans, grants and administrative costs are paid from this fund. The PENNVEST Water Pollution Control Revolving Fund combines federal seed money and the commonwealth's required matching funds to create a revolving loan fund for sewage treatment facilities construction. The PENNVEST Drinking Water Revolving Fund combines federal seed money and the commonwealth's required matching funds to create a revolving loan fund for drinking water projects and technical assistance. The PENNVEST Revolving Fund receives the proceeds from the sale of bonds mentioned above. The PENNVEST revenue bond pool is supported by loan interest and principal repayments from loans and disburses the proceeds from the sale of PENNVEST revenue bonds. The Water and Sewer Systems Assistance Bond Fund will serve as the repository of interest and investment income and loan repayments related to Act 64; loans and grants will be paid from this fund.

Infrastructure Investment Authority

Program: PENNVEST (continued)

Total Loans and Grants Approved 1988 Through December 2011 (millions of dollars)



Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

PENNVEST FUND
PENNVEST Operations (EA)
—to continue current program.
\$ 22

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
PENNVEST FUND:							
PENNVEST Operations (EA)	\$ 2,323	\$ 2,301	\$ 2,323	\$ 2,323	\$ 2,323	\$ 2,323	\$ 2,323

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: PENNVEST							
Drinking water projects approved that will maintain or bring customers' water into compliance with commonwealth drinking water standards	23	22	22	22	22	22	22
Dollars disbursed to drinking water projects that will maintain or bring customers' water into compliance with commonwealth drinking water standards	\$41,418,400	\$61,000,000	\$61,000,000	\$61,000,000	\$61,000,000	\$61,000,000	\$61,000,000
Sustainable jobs created by PENNVEST - funded projects	2,271	3,000	3,000	3,000	3,000	3,000	3,000
Grant equivalent subsidy per household served	\$125	\$125	\$125	\$125	\$125	\$125	\$125
Percent of total project funding allocated to projects that would otherwise have higher financing rates	31%	31%	31%	31%	31%	31%	31%



INSURANCE DEPARTMENT

The mission of the Insurance Department is to provide a premier regulatory environment that promotes a competitive marketplace and serves the best interest of Pennsylvania consumers.

The Insurance Department enforces the insurance laws of the commonwealth, monitors the financial solvency of insurance companies conducting business in Pennsylvania, regulates insurance rates and policy forms, licenses insurance companies and producers to conduct business in the state and liquidates insolvent insurance companies. The department answers consumer inquiries, responds to consumer complaints and produces and distributes educational information on insurance.

The Insurance Department manages the Children's Health Insurance Program (CHIP), the Medical Care Availability and Reduction of Error (Mcare) program, the Underground Storage Tank Indemnification Fund, the Catastrophic Loss Benefits Continuation Fund and the Workers' Compensation Security Fund.

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Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 18,520	\$ 18,502	\$ 17,947
(F)High Risk Pool Administration.....	4,570	6,730	6,730
(F)Consumer Assistance Program.....	1,420	1,420	1,420
(F)PA Exchange Grant.....	1,000	30,000	30,000
(A)Companies in Liquidation.....	555	575	576
(A)Duplicating and Mailing Services.....	8	15	15
(A)Reimbursement Examination Fees.....	2,405	2,093	1,910
(A)Reimbursements - Market Conduct Travel.....	215	342	341
Subtotal.....	<u>\$ 28,693</u>	<u>\$ 59,677</u>	<u>\$ 58,939</u>
Children's Health Insurance Administration.....	2,658	4,807	3,640
(F)Children's Health Insurance Administration.....	7,106	8,141	7,911
Subtotal.....	<u>\$ 9,764</u>	<u>\$ 12,948</u>	<u>\$ 11,551</u>
Adult Health Insurance Administration.....	2,872	0	0
Subtotal - State Funds.....	\$ 24,050	\$ 23,309	\$ 21,587
Subtotal - Federal Funds.....	14,096	46,291	46,061
Subtotal - Augmentations.....	3,183	3,025	2,842
Total - General Government.....	<u>\$ 41,329</u>	<u>\$ 72,625</u>	<u>\$ 70,490</u>
<i>Grants and Subsidies:</i>			
Children's Health Insurance.....	\$ 97,365	\$ 97,365	\$ 101,608
(F)Children's Health Insurance Program.....	290,258	303,142	293,939
(F)CHIPRA - Prospective Payment System Grant.....	500	0	0
Subtotal.....	<u>\$ 388,123</u>	<u>\$ 400,507</u>	<u>\$ 395,547</u>
(F)High Risk Pool.....	41,130	82,260	82,260
(F)Health Insurance Premium Review.....	1,000	1,600	1,656
Subtotal - State Funds.....	\$ 97,365	\$ 97,365	\$ 101,608
Subtotal - Federal Funds.....	332,888	387,002	377,855
Total - Grants and Subsidies.....	<u>\$ 430,253</u>	<u>\$ 484,367</u>	<u>\$ 479,463</u>
STATE FUNDS.....	\$ 121,415	\$ 120,674	\$ 123,195
FEDERAL FUNDS.....	346,984	433,293	423,916
AUGMENTATIONS.....	3,183	3,025	2,842
GENERAL FUND TOTAL.....	<u>\$ 471,582</u>	<u>\$ 556,992</u>	<u>\$ 549,953</u>
TOBACCO SETTLEMENT FUND:			
<i>Grants and Subsidies:</i>			
Adult Health Insurance Program (EA).....	\$ 15,780	\$ 0	\$ 0
OTHER FUNDS:			
GENERAL FUND:			
Anti-Fraud Prevention (R).....	\$ 182	\$ 297	\$ 297
Children's Health Insurance Program (R).....	27,427	35,495	35,257
GENERAL FUND TOTAL.....	<u>\$ 27,609</u>	<u>\$ 35,792</u>	<u>\$ 35,554</u>
TOBACCO SETTLEMENT FUND:			
Community Health Reinvestment (R).....	\$ 85,021	\$ 29,508	\$ 0

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
CATASTROPHIC LOSS BENEFITS CONTINUATION FUND:			
CAT Administration (EA).....	\$ 790	\$ 796	\$ 776
CAT Claims (EA).....	6,140	5,789	5,789
CATASTROPHIC LOSS BENEFITS CONTINUATION FUND TOTAL.....	\$ 6,930	\$ 6,585	\$ 6,565
MEDICAL CARE AVAILABILITY AND REDUCTION OF ERROR FUND:			
General Operations (EA).....	\$ 15,530	\$ 15,447	\$ 15,326
Payment of Claims (EA).....	192,911	175,000	175,000
MEDICAL CARE AVAILABILITY AND REDUCTION OF ERROR FUND TOTAL.....	\$ 208,441	\$ 190,447	\$ 190,326
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND:			
Administration (EA).....	\$ 11,621	\$ 11,647	\$ 11,631
Claims (EA).....	62,343	57,353	57,353
UNDERGROUND STORAGE TANK INDEMNIFICATION FUND TOTAL.....	\$ 73,964	\$ 69,000	\$ 68,984
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 121,415	\$ 120,674	\$ 123,195
SPECIAL FUNDS.....	15,780	0	0
FEDERAL FUNDS.....	346,984	433,293	423,916
AUGMENTATIONS.....	3,183	3,025	2,842
OTHER FUNDS.....	401,965	331,332	301,429
TOTAL ALL FUNDS.....	\$ 889,327	\$ 888,324	\$ 851,382

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
INSURANCE INDUSTRY REGULATION							
GENERAL FUND.....	\$ 121,415	\$ 120,674	\$ 123,195	\$ 123,195	\$ 123,195	\$ 123,195	\$ 123,195
SPECIAL FUNDS.....	15,780	0	0	0	0	0	0
FEDERAL FUNDS.....	346,984	433,293	423,916	423,915	423,915	423,915	423,915
OTHER FUNDS.....	405,148	334,357	304,271	299,101	299,101	299,101	299,101
SUBCATEGORY TOTAL.....	\$ 889,327	\$ 888,324	\$ 851,382	\$ 846,211	\$ 846,211	\$ 846,211	\$ 846,211
ALL PROGRAMS:							
GENERAL FUND.....	\$ 121,415	\$ 120,674	\$ 123,195	\$ 123,195	\$ 123,195	\$ 123,195	\$ 123,195
SPECIAL FUNDS.....	15,780	0	0	0	0	0	0
FEDERAL FUNDS.....	346,984	433,293	423,916	423,915	423,915	423,915	423,915
OTHER FUNDS.....	405,148	334,357	304,271	299,101	299,101	299,101	299,101
DEPARTMENT TOTAL.....	\$ 889,327	\$ 888,324	\$ 851,382	\$ 846,211	\$ 846,211	\$ 846,211	\$ 846,211

PROGRAM OBJECTIVE: To serve Pennsylvania's insurance consumers through fair and efficient regulation of the insurance industry.

Program: Insurance Industry Regulation

The Insurance Department's core mission is the regulation of the insurance industry and the protection of insurance consumers. To meet its mission, the department provides adequate safeguards related to the solicitation and sale of insurance products and services; closely monitors the financial stability of insurance companies to minimize insurance insolvencies; ensures that appropriate products are available and rated appropriately; and provides a fair regulatory environment that will encourage insurance companies to conduct business in the commonwealth. In conjunction with its core mission, the department also administers the Children's Health Insurance Program, the Medical Care Availability and Reduction of Error Fund, the Catastrophic Loss Benefits Fund, the Underground Storage Tank Indemnification Fund, PA Fair Care and certain other aspects of the federal Patient Protection and Affordable Care Act.

The Insurance Department is responsible for regulating the fifth largest insurance market in the country – and the 14th largest in the world. The department is the lead regulator for many significant national and regional insurers, as well as some of the largest international insurance conglomerates, and operates in an increasingly complex, global and inter-connected regulatory landscape. Following the failure of AIG and the passage of the Dodd-Frank Act, insurance regulators have adapted and evolved just as industry itself evolved in this new regulatory environment. But each state has its own insurance needs and unique marketplace, so the department endeavors to enhance the state-based regulation of insurance while staying abreast of the national and global marketplaces.

Program Element: Regulation and Protection

The Insurance Department regulates all aspects of the insurance industry in Pennsylvania. It supervises the operation of approximately 1,700 insurance companies; authorizes the admission of new insurers to the state; tests and licenses insurance agents, brokers and bondsmen; and reviews and approves approximately 14,000 rate and policy form filings each year. It analyzes annual and quarterly financial statements and other corporate transactions filed by insurance companies and other regulated entities; conducts on-site financial examinations of domestic insurance companies each year; conducts adjudicatory hearings; and handles more than 250,000 consumer and producer interventions and inquiries annually.

The financial condition of insurers licensed to transact business in Pennsylvania is monitored and regulated through the department's examination and financial

analysis functions. Because of the concern regarding the number of financially troubled insurers and national attention focused on the quality of state regulation and insurer solvency, the department makes solvency regulation one of its highest priorities. Resources continue to be focused on improving the effectiveness of regulatory actions taken to correct problems before they lead to insolvency. In the event of an insurer insolvency, the Insurance Commissioner serves as statutory liquidator/receiver for Pennsylvania domestic insurers found to be insolvent by the Commonwealth Court.

The Insurance Department provides the public with insurance information, education and complaint resolution services. It also conducts investigations of insurance law violations and undertakes on-site market conduct examinations of insurance company records, files and operations.

Program Element: Special Programs

The Children's Health Insurance Program (CHIP), established by Act 113 of 1992, provides free or low-cost health insurance coverage to uninsured children whose families earn too much to qualify for Medical Assistance. CHIP offers a comprehensive package of benefits, including well child visits, immunizations, prescription coverage, emergency care, inpatient services, mental health services and hearing, vision, and dental services. Act 136 of 2006 enhanced the program by creating Cover All Kids, which provides access to health insurance coverage for all uninsured children. The income eligibility limit for subsidized coverage, with cost-sharing on a sliding scale, is 300 percent of the federal poverty level with higher-income families able to purchase health care coverage at the commonwealth's cost. The coverage is funded from a portion of cigarette tax receipts, a state appropriation, the federal State Children's Health Insurance Program under Title XXI of the Social Security Act and payments by participating working families. The federal Children's Health Insurance Program Reauthorization Act of 2009 extends federal funding for CHIP through September 30, 2015. As of December 2011, CHIP enrollment was approximately 194,400 children.

The Medical Care Availability and Reduction of Error (Mcare) Fund, established pursuant to Act 13 of 2002, established requirements for basic medical professional liability insurance coverage for health care providers and for their purchase of excess insurance through this program. The Mcare program is responsible for payment of claims against participating health care providers for losses or damages awarded in medical professional

Program: Insurance Industry Regulation (continued)

liability actions against them in excess of basic insurance coverage. Revenue for the fund is derived by levying an annual surcharge on health care providers.

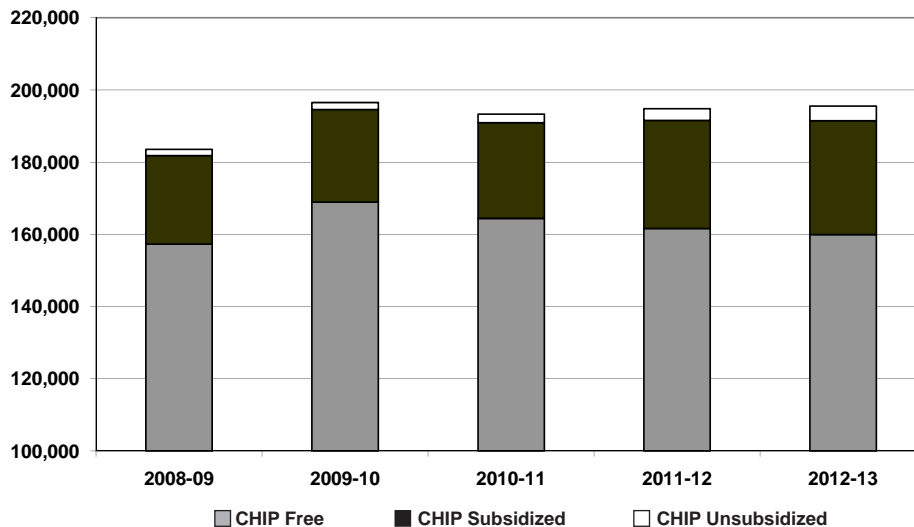
PA Fair Care has its genesis in the passage of the federal Patient Protection and Affordable Care Act, signed March 23, 2010. As a result of this new federal law, Pennsylvania received an award of \$160 million to provide eligible uninsured adults with federally subsidized health insurance coverage. The PA Fair Care program will provide an estimated 5,600 adults who have pre-existing medical conditions and have been uninsured for six months with a temporary coverage option until the broader health care reform provisions become effective in January 2014. In 2010, the department also received federal health care reform grants to review unreasonable health insurance premium increases, to provide consumer assistance to individuals and small employers, to develop a statewide health insurance exchange strategy, and to integrate the commonwealth's Medical Assistance program, CHIP and other public benefit programs. As a result of the analysis and citizen input generated through the federal grant, Pennsylvania plans to establish and operate its own statewide health insurance exchange rather than participate in an exchange operated by the federal government.

The Catastrophic Loss Benefits Continuation Fund, funded through investment income, provides up to \$1

million in benefits to Pennsylvanians catastrophically injured in motor vehicle accidents between October 1, 1984 and December 31, 1989 after exceeding a threshold of \$100,000 in medical payments. For a time a surcharge fee on certain motor vehicle violations was credited to the fund, but that last occurred in 2003. Payments from the fund are projected until 2088.

The Underground Storage Tank Indemnification Fund (USTIF), established pursuant to Act 32 of 1989, the Storage Tank and Spill Prevention Act, provides reimbursement of remediation and other expenses to eligible owners and operators of underground storage tanks. The program is funded through a fee schedule based on the type of product stored in the underground storage tank or the tank's capacity. In addition to making reimbursement to eligible tank owners or operators for damages caused by releases from their tanks, the fund also provides similar benefits to tank installers under the Tank Installation Indemnification program. The fund also makes annual allocations to the Department of Environment Protection under four separate categories. Since inception, allocations under all categories have totaled in excess of \$60 million. For a time, the fund made loans to tank owners for tank upgrades under the Upgrade Loan program in the Department of Community and Economic Development. Activity with these loans has now concluded.

Children's Health Insurance Children Served



Pennsylvania's Children's Health Insurance Program has been a national leader in ensuring that access to free or subsidized health care is available for children of low-income families. It is projected that an average of 195,500 uninsured children will be served by the program in 2012-13.

Program: Insurance Industry Regulation (continued)

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND				Children's Health Insurance
	General Government Operations			\$ 4,243	—to continue current program.
\$ -555	—nonrecurring 2011-12 budgetary freeze amount.				
	Children's Health Insurance Administration				
\$ -144	—nonrecurring 2011-12 budgetary freeze amount.				
-909	—nonrecurring project.				
-114	—reduction in administrative costs.				
<u>\$ -1,167</u>	<i>Appropriation Decrease</i>				

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 18,520	\$ 18,502	\$ 17,947	\$ 17,947	\$ 17,947	\$ 17,947	\$ 17,947
Children's Health Insurance Administration	2,658	4,807	3,640	3,640	3,640	3,640	3,640
Adult Health Insurance Administration.....	2,872	0	0	0	0	0	0
Children's Health Insurance	97,365	97,365	101,608	101,608	101,608	101,608	101,608
TOTAL GENERAL FUND	<u>\$ 121,415</u>	<u>\$ 120,674</u>	<u>\$ 123,195</u>	<u>\$ 123,195</u>	<u>\$ 123,195</u>	<u>\$ 123,195</u>	<u>\$ 123,195</u>
TOBACCO SETTLEMENT FUND:							
Adult Health Insurance Program (EA)	\$ 15,780	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Insurance Industry Regulation							
Companies on a watch list	43	40	40	40	40	40	40
Insurance company reviews initiated and conducted to investigate reports of industry abuse	160	100	100	100	100	100	100
Disciplinary / administrative actions conducted against insurance producers	146	120	120	120	120	120	120
Consumers receiving insurance information via the Health and Human Services call center	104,307	100,000	100,000	100,000	100,000	100,000	100,000
Consumer Services Outreach events	117	100	100	100	100	100	100
Children's Health Insurance Program (CHIP) enrollment (monthly average)	193,324	194,815	195,540	195,540	195,540	195,540	195,540
Percentage of CHIP enrolled children two years of age who are immunized	81.58%	82.90%	82.90%	82.90%	82.90%	82.90%	82.90%
Percentage of CHIP enrolled children ages 3 to 6 years who receive a well child visit with a primary care physician	78.70%	78.70%	78.70%	78.70%	78.70%	78.70%	78.70%
Adult Health Insurance program enrollment (at end of year)	40,764	0	0	0	0	0	0
PA Fair Care program enrollment (at end of year)	3,475	4,873	4,985	5,635	0	0	0

Insurance company reviews initiated and conducted to investigate reports of industry abuse decreased in the available year due to a one-time study in 2010-11 by the enforcement bureaus.

Adult Health Insurance program enrollment for 2010-11 reflects enrollment as of February 28, 2011 when the program expired.

PA Fair Care program enrollment for 2013-14 reflects PA enrollment as of December 31, 2013, when the program is scheduled to expire.

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DEPARTMENT OF LABOR AND INDUSTRY

The mission of the Department of Labor and Industry is to foster and maintain economic growth and economic development in Pennsylvania.

The mission is accomplished through programs that protect the health, welfare and safety of workers, provide meaningful job training and placement services, stabilize the incomes of injured, disabled or unemployed workers and facilitate labor-management cooperation.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 13,127	\$ 12,990	\$ 12,510
(F)Workforce Investment Act - Administration.....	11,000	11,000	11,129
(F)ARRA-Workforce Investment Act - Administration.....	5,000	4,200 ^a	6,000
(F)Community Service and Corps.....	10,067	10,266	11,355
(F)Disability Determination.....	130,266	140,064	134,474
(F)New Hires.....	1,581	1,581	1,581
(A)Joint Jobs Initiative.....	14,996	5,156	5,156
(A)New Directions.....	268	0	0
(A)Interpreter Registry.....	48	20	3
(A)Pa One Call Fees.....	35	50	50
Subtotal.....	<u>\$ 186,388</u>	<u>\$ 185,327</u>	<u>\$ 182,258</u>
Occupational and Industrial Safety.....	10,446	9,978	10,203
PENNSAFE.....	1,136	1,076	0
(F)Underground Utility Line Protection.....	0	500	500
(F)State Homeland Security (EA).....	36	0	0
(R)Asbestos and Lead Certification (EA).....	2,170	1,907	1,907
Pennsylvania Conservation Corps.....	4,383	0	0
Subtotal - State Funds.....	\$ 29,092	\$ 24,044	\$ 22,713
Subtotal - Federal Funds.....	157,950	167,611	165,039
Subtotal - Augmentations.....	15,347	5,226	5,209
Subtotal - Restricted Revenues.....	2,170	1,907	1,907
Total - General Government.....	<u>\$ 204,559</u>	<u>\$ 198,788</u>	<u>\$ 194,868</u>
Grants and Subsidies:			
Occupational Disease Payments.....	\$ 1,039	\$ 935	\$ 882
Transfer to Vocational Rehabilitation Fund.....	40,473	40,473	39,056
Supported Employment.....	455	418	397
Centers for Independent Living.....	2,033	2,013	1,912
Workers' Compensation Payments.....	1,250	1,079	957
Training Activities.....	5,838	0	0
Keystone Works.....	0	0	2,500
New Choices / New Options.....	1,177	500	0
Assistive Technology Devices.....	336^b	257^c	244
Assistive Technology Demonstration and Training.....	547^b	420^c	399
Employment Services.....	100	0	0
(F)Reed Act - Unemployment Insurance.....	2,156	12,000	11,000
(F)Reed Act - Employment Services.....	125,000	70,000	30,000
(F)ARRA - Reed Act-Employment Services.....	19,600	8,000	0
(F)WIA - Adult Employment and Training.....	60,000	60,000	60,000
(F)ARRA - WIA-Adult Employment and Training.....	16,000	0	0
(F)WIA - Youth Employment and Training.....	52,000	52,000	52,000
(F)ARRA - WIA-Youth Employment and Training.....	37,000	0	0
(F)WIA - Statewide Activities.....	23,000	23,000	23,000
(F)ARRA - WIA Statewide Activities.....	10,000	0	0
(F)WIA - Dislocated Workers.....	109,000	109,000	109,000
(F)ARRA - WIA-Dislocated Workers.....	105,000	5,600	0
(F)WIA - Veterans Employment and Training.....	900	900	900
(F)TANFBG - Youth Employment and Training.....	15,000	15,000	15,000
(F)Affordable Care.....	0	150	0
(F)Joint Jobs Initiative (EA).....	133,273	110,746	110,746
(F)New Directions (EA).....	916	0	0
(F)Comprehensive Workforce Development (EA).....	1,098	731	1,031
(F)ARRA - Weatherization Assistance Training (EA).....	14,000	7,800	0

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
(F)ARRA - TANFBG Workforce Development (EA).....	31,678	0	0
(F)Adult Education - Literacy (EA).....	1,000	0	0
Subtotal.....	<u>\$ 756,721</u>	<u>\$ 474,927</u>	<u>\$ 412,677</u>
Industry Partnerships.....	1,614	1,613	1,452
(A)Nursing Shortage Initiative - PHEAA.....	944	0	0
Subtotal.....	<u>\$ 944</u>	<u>\$ 0</u>	<u>\$ 0</u>
Subtotal - State Funds.....	\$ 54,862	\$ 47,708	\$ 47,799
Subtotal - Federal Funds.....	756,621	474,927	412,677
Subtotal - Augmentations.....	944	0	0
Total - Grants and Subsidies.....	<u>\$ 812,427</u>	<u>\$ 522,635</u>	<u>\$ 460,476</u>
STATE FUNDS.....	\$ 83,954	\$ 71,752	\$ 70,512
FEDERAL FUNDS.....	914,571	642,538	577,716
AUGMENTATIONS.....	16,291	5,226	5,209
RESTRICTED REVENUES.....	2,170	1,907	1,907
GENERAL FUND TOTAL.....	<u>\$ 1,016,986</u>	<u>\$ 721,423</u>	<u>\$ 655,344</u>
OTHER FUNDS:			
GENERAL FUND:			
Vending Machine Proceeds.....	\$ 607	\$ 466	\$ 466
ADMINISTRATION FUND:			
Administration of Unemployment.....	\$ 285,661	\$ 234,000	\$ 278,364
EMPLOYMENT FUND FOR THE BLIND:			
General Operations.....	\$ 1,633	\$ 800	\$ 800
JOB TRAINING FUND:			
Job Training (EA).....	\$ 7,800	\$ 3,600	\$ 3,600
HAZARDOUS MATERIAL RESPONSE FUND:			
Hazardous Material Response Administration.....	\$ 300	\$ 170	\$ 170
REHABILITATION CENTER FUND:			
General Operations.....	\$ 21,112	\$ 20,508	\$ 21,500
VOCATIONAL REHABILITATION FUND:			
General Operations (EA).....	\$ 165 ^d	\$ 40 ^d	\$ 40 ^d
Vocational Rehabilitation Services (F).....	137,299	137,299	137,299
ARRA - Vocational Rehabilitation Services.....	15,600	6,000	0
VOCATIONAL REHABILITATION FUND TOTAL.....	<u>\$ 153,064</u>	<u>\$ 143,339</u>	<u>\$ 137,339</u>
WORKMEN'S COMPENSATION ADMINISTRATION FUND:			
Administration of Workers' Compensation.....	\$ 74,951	\$ 81,990	\$ 75,896
(A) Conference Fees.....	285	400	400
WORKMEN'S COMPENSATION ADMINISTRATION FUND TOTAL.....	<u>\$ 75,236</u>	<u>\$ 82,390</u>	<u>\$ 76,296</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 83,954	\$ 71,752	\$ 70,512
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	914,571	642,538	577,716
AUGMENTATIONS.....	16,291	5,226	5,209
RESTRICTED.....	2,170	1,907	1,907
OTHER FUNDS.....	545,413	485,273	518,535
TOTAL ALL FUNDS.....	<u>\$ 1,562,399</u>	<u>\$ 1,206,696</u>	<u>\$ 1,173,879</u>

Summary by Fund and Appropriation

^a Includes recommended supplemental appropriation of \$4,200,000.

^b Appropriated as part of the \$883,000 Assistive Technology appropriation.

^c Appropriated as part of the \$677,000 Assistive Technology appropriation.

^d Transfer to Vocational Rehabilitation Fund not added to the total to avoid double counting: 2010-11 Actual is \$40,638,000, 2011-12 Available is \$40,513,000 and 2012-13 Budget is \$39,096,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
COMMUNITY AND OCCUPATIONAL SAFETY AND STABILITY							
GENERAL FUND.....	\$ 24,709	\$ 24,044	\$ 22,713	\$ 22,713	\$ 22,713	\$ 22,713	\$ 22,713
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	5,036	4,700	6,500	3,500	3,500	3,500	3,500
OTHER FUNDS.....	2,553	2,147	2,130	2,130	2,130	2,130	2,130
SUBCATEGORY TOTAL.....	\$ 32,298	\$ 30,891	\$ 31,343	\$ 28,343	\$ 28,343	\$ 28,343	\$ 28,343
WORKERS COMPENSATION AND ASSISTANCE							
GENERAL FUND.....	\$ 2,289	\$ 2,014	\$ 1,839	\$ 1,839	\$ 1,839	\$ 1,839	\$ 1,839
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	131,847	141,645	136,055	136,055	136,055	136,055	136,055
OTHER FUNDS.....	368,697	319,990	358,260	358,260	358,260	358,260	358,260
SUBCATEGORY TOTAL.....	\$ 502,833	\$ 463,649	\$ 496,154	\$ 496,154	\$ 496,154	\$ 496,154	\$ 496,154
WORKFORCE INVESTMENT							
GENERAL FUND.....	\$ 13,112	\$ 2,113	\$ 3,952	\$ 3,952	\$ 3,952	\$ 3,952	\$ 3,952
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	777,688	496,193	435,161	435,161	435,161	435,161	435,161
OTHER FUNDS.....	16,208	5,156	5,156	5,156	5,156	5,156	5,156
SUBCATEGORY TOTAL.....	\$ 807,008	\$ 503,462	\$ 444,269	\$ 444,269	\$ 444,269	\$ 444,269	\$ 444,269
VOCATIONAL REHABILITATION							
GENERAL FUND.....	\$ 43,844	\$ 43,581	\$ 42,008	\$ 42,008	\$ 42,008	\$ 42,008	\$ 42,008
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	176,416	165,113	160,105	160,105	160,105	160,105	160,105
SUBCATEGORY TOTAL.....	\$ 220,260	\$ 208,694	\$ 202,113	\$ 202,113	\$ 202,113	\$ 202,113	\$ 202,113
ALL PROGRAMS:							
GENERAL FUND.....	\$ 83,954	\$ 71,752	\$ 70,512	\$ 70,512	\$ 70,512	\$ 70,512	\$ 70,512
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	914,571	642,538	577,716	574,716	574,716	574,716	574,716
OTHER FUNDS.....	563,874	492,406	525,651	525,651	525,651	525,651	525,651
DEPARTMENT TOTAL.....	\$ 1,562,399	\$ 1,206,696	\$ 1,173,879	\$ 1,170,879	\$ 1,170,879	\$ 1,170,879	\$ 1,170,879

PROGRAM OBJECTIVE: To further economic development in the commonwealth by promoting the health, welfare and safety of employees and acting to maintain continuous production and employment through mediation.

Program: Community and Occupational Safety and Stability

The department administers and enforces a wide range of laws designed to enhance income security, safeguard the health of workers and the general public, protect workers' rights; and promote stable labor relations and labor-management cooperation.

Program Element: Income Security and Workers' Rights

The Bureau of Labor Law Compliance monitors and enforces Pennsylvania's laws relating to minimum wage, wage payment and collection, and prevailing wage. The department also enforces several laws which protect workers' rights, those regulating child labor, seasonal farm labor, industrial homework, equal pay, medical pay, apprenticeship and training, misclassification of construction employees as independent contractors, and mandatory overtime in health care. The Bureau executes these responsibilities by providing employees and employers with information about the laws, conducting investigations, and resolving disputes.

Program Element: Labor Relations

The Bureau of Mediation promotes stable labor relations by mediating public and private disputes. It provides mandatory mediation services pursuant to the Public Employee Relations Act, which requires parties to a public sector contract to notify the department when contract negotiations fail to yield agreement. It also provides optional mediation services in the private sector pursuant to the National Labor Relations Act, which requires parties to file dispute notices with the department in the event of unsuccessful contract negotiations. In total, the department mediates more than 800 cases per year. Additionally, the bureau provides grievance mediation services, assists public and private sector employers and unions in forming and operating labor-management committees and offers labor-management communications training. The bureau also maintains and administers the grievance arbitration roster for Pennsylvania's public employers.

The Pennsylvania Labor Relations Board enforces and implements Pennsylvania laws which relate to collective bargaining in both the public and private sectors. Such laws include the Pennsylvania Labor Relations Act, the Public Employee Relations Act, and Act 111 of 1968 (police and firefighter collective bargaining). The Board also selects collective bargaining representatives, prevents unfair practices in the public sector, and helps to resolve collective bargaining disputes by creating arbitration panels and appointing fact finders.

Program Element: Public Health and Safety

The Bureau of Occupational and Industrial Safety enforces and administers a variety of statutes and regulations which relate to public safety issues, including the Uniform Construction Code, which regulates building construction, accessibility and elevators. The bureau also enforces Pennsylvania laws regulating boilers and unfired pressure vessels, liquefied petroleum gas, flammable and combustible liquids, bedding and upholstery, stuffed toys, private employment agencies, public employee safety, and accreditation and certification in lead-based paint and asbestos occupations.

These laws are enforced by establishing necessary regulations and by conducting plan reviews, specialized field inspections, licensing and certification reviews and renewals, and complaint and accident investigations and audits. The bureau also monitors all inspectors' inspection and reporting activities in order to ensure both that inspectors are discharging their duties properly and that regulated devices, equipment and construction continue to operate safely.

Additionally, the bureau maintains various training, continuing education and testing and certification programs for all persons charged with enforcement of the Uniform Construction Code and laws regulating boilers and unfired pressure vessels, elevators and passenger ropeways and lead-based paint and asbestos abatement occupations. Such programs enable the bureau to fulfill its duties under the Pennsylvania Construction Code Act, which mandates adoption of the International Construction Codes. The programs relate to all seven areas in which a building must comply with the codes in order to be approved for occupancy: building; electrical; mechanical; plumbing; energy; accessibility; and fire protection. The bureau also administers and enforces code requirements for elevators and other lifting devices. Inspectors certified by the department ensure compliance with approved plans before issuing occupancy permits.

In Pennsylvania's 2,562 municipalities, 2,400 have opted to enforce the Uniform Construction Code locally. The bureau enforces the code as it applies to all commercial buildings within the 162 municipalities which have not opted for local enforcement. The bureau also enforces accessibility laws in municipalities which do not have officials properly certified to provide such enforcement. The bureau also has sole enforcement jurisdiction over all state-owned buildings.

Program: Community and Occupational Safety and Stability (continued)

The bureau administers the Worker and Community Right-to-Know Act and the Hazardous Material Emergency Planning & Response Act. Under these two laws, every employer doing business in Pennsylvania is required to provide information about hazardous chemicals located in its workplace or released into the environment and also to ensure the availability of information regarding chemicals on-site to emergency response organizations. The bureau collects Tier II Hazardous Chemical Inventory Report data and Material Safety Data Sheets and site plans, and manages them through a secure online reporting program. In the event of an emergency incident at a reporting facility, the state Emergency Operations

Center can access the online system and retrieve needed information. Data sharing agreements also enable county and local emergency response agencies to access such data for local facilities. The bureau provides training and education on hazardous chemical reporting requirements to both facilities and county and local emergency planning committees. The bureau also processes and deposits hazardous chemical reporting fees into the Hazardous Materials Response Fund. Additionally, the bureau enforces the worker right-to-know law as it applies to public employees and provides public workers with education and training on the law.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND		PENNSAFE	
	General Government Operations	\$ -851	—transfer of a portion of program responsibilities to Worker's Compensation Administration.
\$ -390	—nonrecurring 2011-12 budgetary freeze amount.		
	-90 —reduction in administrative costs.	-225	—transfer of a portion of program responsibilities to Occupational and Industrial Safety.
\$ -480	<i>Appropriation Decrease</i>		
	Occupational and Industrial Safety	\$ -1,076	<i>Appropriation Elimination</i>
\$ 225	—transfer of a portion of program responsibilities from PENNSAFE.		

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 13,127	\$ 12,990	\$ 12,510	\$ 12,510	\$ 12,510	\$ 12,510	\$ 12,510
Occupational and Industrial Safety.....	10,446	9,978	10,203	10,203	10,203	10,203	10,203
PENNSAFE	1,136	1,076	0	0	0	0	0
TOTAL GENERAL FUND	\$ 24,709	\$ 24,044	\$ 22,713	\$ 22,713	\$ 22,713	\$ 22,713	\$ 22,713

PROGRAM OBJECTIVE: To further economic development in the commonwealth by stabilizing the incomes of employees who become unemployed.

Program: Workers' Compensation and Assistance

This program provides income and medical services security to qualifying individuals. This program includes workers' compensation, unemployment compensation, occupational disease payments and Social Security disability payments.

Through private insurance companies, the State Workers' Insurance Fund and self-insured employers, workers' compensation insurance provides wage loss benefits and payments for medical services to employees who sustain injuries or diseases during their course of employment. The commonwealth's administrative expenses are funded from assessments through the insurance industry and self-insurers.

Act 147 of 2006 amended the Workers' Compensation Act to create an Uninsured Employers Guaranty Fund to provide benefits to injured workers whose employers do not have workers' compensation insurance and are not approved by the commonwealth to self-insure. The benefits and claims management costs of this fund come from an annual assessment through the insurance industry and self-insurers. This act also amended the workers' compensation litigation process by requiring a worker's compensation judge to impose specific scheduling orders at the first hearing; mandating mediation unless it would be futile, and require a resolution hearing procedure to expedite consideration of settlements.

Occupational disease payments are made under the Workers' Compensation Act and the Occupational Disease Act, primarily to workers with silicosis and related diseases, commonly referred to as "black lung." Workers with these diseases are generally covered based on their date of last exposure and disability. Injured workers proceeding under the Workers' Compensation Act where exposure occurred after July 1, 1973 and which resulted in disability or death occurring between July 1, 1973 and June 30, 1976 are paid a proportional amount by the commonwealth. Those exposed on or after June 30, 1976 receive benefits paid entirely by their employer. Those who do not meet the eligibility requirements under the Workers' Compensation Act may file claims pursuant to the Occupational Disease Act.

The department processes applications for federal disability benefits, gathers medical evidence for each claim and makes recommendations to the Social Security Administration under the Social Security Administration's Disability Determination program guidelines.

Unemployment compensation payments are made to individuals who are unemployed through no fault of their own. The payments are funded from taxes on employers and employees paid into the Unemployment Compensation Trust Fund. Tax rates vary according to the employer's experience with unemployment and the financial condition of the fund.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND	
	Occupational Disease Payments	
\$	-53	—to continue current program based on payment requirements.
	Workers' Compensation Payments	
\$	-122	—to continue current program based on payment requirements.

In addition, this budget recommends the following change to the Workers' Compensation Program through the Workmen's Compensation Administration Fund.

	WORKMEN'S COMPENSATION ADMINISTRATION FUND	
	Administration of Workers' Compensation	
\$	-6,000	—nonrecurring project.
	-94	—to continue current program.
\$	-6,094	<i>Appropriation Decrease</i>

Program: Workers' Compensation and Assistance (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Occupational Disease Payments.....	\$ 1,039	\$ 935	\$ 882	\$ 882	\$ 882	\$ 882	\$ 882
Workers' Compensation Payments	1,250	1,079	957	957	957	957	957
TOTAL GENERAL FUND	\$ 2,289	\$ 2,014	\$ 1,839	\$ 1,839	\$ 1,839	\$ 1,839	\$ 1,839

PROGRAM OBJECTIVE: To provide meaningful job training and placement services in a coordinated role with other commonwealth agencies, the private sector and the federal government in order to secure unsubsidized employment for unemployed Pennsylvanians.

Program: Workforce Investment

The Workforce Investment program provides a range of employment, training and labor market information services administered by the Bureau of Workforce Development Partnership and the Center for Workforce Information and Analysis. The Department of Labor & Industry is the lead agency in administering interagency employment and training programs for Pennsylvania's adult labor force and youth. Programs assist people who are looking for work, including Temporary Assistance for Needy Families clients and unemployed individuals, in skill development and in finding suitable employment, as well as assisting working Pennsylvanians with career advancements into family sustaining jobs. In addition, youth programs provide at risk youth with skill development, career education and job placement.

In 2004-05, with an update in 2007, the Department of Labor & Industry, working with Pennsylvania's lead workforce development agencies – the Departments of Labor & Industry, Community and Economic Development, Education, and Public Welfare – and local workforce investment areas, published "Pennsylvania's Targeted Industry Clusters" in order to ensure that training and education programs are driven by employer demand. Through additional occupational analysis by the Center for Workforce Information and Analysis, the implementation of a High Priority Occupation process and the creation of Industry Partnerships (a consortium of similar businesses), existing training in all programs is being better aligned to meet the demands of employers – providing a skilled workforce for the commonwealth's most competitive business sectors and opportunities for Pennsylvania citizens.

Act 5 of 2005 created the Job Training Fund to facilitate advances in workforce development in the commonwealth. This fund will award annual grants to entities in specified rural counties that run workforce education programs and services for job training assistance to incumbent workers, dislocated workers, adult and youth workers and other workforce development programs.

Keystone Works will provide employer driven training opportunities for unemployed workers. While participating in on-the-job training, the unemployed individual remains eligible for unemployment compensation benefits. Employers will be offered an incentive if the participant completes the training and is hired. Employers that hire participants upon completion of a training period are eligible to receive up to \$1,500 in state incentive payments.

Program Element: Workforce Investment Act

Local Workforce Investment Boards plan and oversee the local delivery of workforce development activities and services with approval by the governor. The boards, in partnership with local elected officials, identify eligible providers of training services, monitor system performance and help develop the regional labor market information system. The Federal Workforce Investment Act (WIA) of 1998 was enacted to improve the delivery of job training and employment services. Funding for numerous programs has been consolidated under the WIA into three basic grants under Title I-B: adult employment and training; dislocated worker employment and training, and youth employment and training.

Ninety-five percent of the federal funds appropriated for adult and youth services are allotted to local workforce investment areas; the remainder is reserved for statewide activities.

In addition, the law gives states and local areas more authority and responsibility for job training needs and decisions and individuals more customer choice.

Program Element: PA CareerLink

Pennsylvania CareerLink® is a one-stop system for workforce development services. Pennsylvania CareerLink® has improved service for businesses, job seekers and other customers by integrating systems and coordinating services. Services available at the PA CareerLink® for individuals include job search and placement assistance, labor market information, initial assessment of skills and needs and information about available services and follow-up services to help customers keep their jobs after placement. Services available to businesses include assistance in matching qualified job-seekers with job openings, identifying tax incentives/credits that the business may be eligible for by employing certain target groups, assessment for occupational and training needs, and provision of labor market information. In addition to physical locations, the PA CareerLink® also offers an Internet-based system that both employer and job seeker customers can access 24 hours a day to receive available services.

The PA CareerLink® system is a cooperative effort involving the Departments of Education, Labor & Industry, Public Welfare and Local Workforce Investment Boards in partnership with training providers, employers and various system users.

Program: Workforce Investment (continued)

Program Element: Dislocated Workers

The department provides assistance to dislocated workers through training programs, rapid response efforts, support services and needs-based payments.

Twenty percent of federal funds appropriated for dislocated workers are retained at the federal level to provide national emergency grants, dislocated worker demonstration projects and technical assistance.

Eighty percent of the funds Congress authorizes for dislocated workers are allotted to states. Of this allotment, 70 percent is allocated to local areas, and 30 percent is retained at the state level (5 percent for statewide activities and 25 percent for rapid response efforts). Local areas offer job search assistance and training services to dislocated workers.

Rapid Response is an early intervention service that assists workers, employers and communities affected by layoffs, plant closures or natural disasters. The primary objective of the Rapid Response program is to provide workers with information on the services they need to allow them to find new jobs or get the training and education needed for new careers so that they can get back to work quickly. Through Rapid Response, workers are provided information about the following services: unemployment insurance, training opportunities, job search assistance, Trade Act programs, health insurance and pension benefits, social services and emergency assistance. The Rapid Response program also offers referrals to state and local economic development services designed to help businesses that are at risk of closing to keep their doors open.

Rapid Response program activities are triggered when the Department of Labor & Industry learns of a planned closure or layoff either by receiving a notice under the Federal Worker Adjustment and Retraining Notification Act, through the media or by information provided by community and business leaders. Services may also be offered when

Pennsylvania experiences mass job dislocation as the result of a disaster. There is no charge to the employer or employee for these services, and they are provided regardless of the reason for the layoff.

Program Element: Industry Partnerships

Industry Partnerships are employer/worker consortiums that bring together companies with similar products, markets and human resource needs. They are organized by industry sector based on an analysis of where Pennsylvania, and/or multi-county regions appear to have a competitive advantage. The intent is to make intelligent and prudent investments to develop the human capital that will lead to greater productivity, enlightened human resource practices and innovation – thereby helping these industries to survive and grow. Most importantly, by bringing together employers committed to the development of their workforce, these partnerships develop a deep and thorough understanding of their industry. Management and employees gain insight by researching the future of the industry. Government also uses this industry intelligence to help its education and training partners better understand the future needs of industry.

Industry Partnerships uncover common challenges within industries and, using economies of scale, apply private and public resources across numerous employers to develop incumbent workers' skills. Tax dollars and matching employer investments support the entire industry, not just one company's needs. Through these partnerships industry-recognized credentials can be developed that enable workers to advance with their current employers or seek better opportunities with those who reward their educational investment. Training needs are communicated to educational partners who develop curricula for new college courses, as well as high school and career and technical education programs.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND			Industry Partnerships
	Keystone Works		\$ -161	—nonrecurring 2011-12 budgetary freeze amount.
\$ 2,500	—Initiative — To provide incentivized, employer-driven training opportunities to unemployed workers.			
	New Choices / New Options			
\$ -500	—funding elimination.			

Program: Workforce Investment (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Pennsylvania Conservation Corps	\$ 4,383	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Training Activities.....	5,838	0	0	0	0	0	0
Keystone Works	0	0	2,500	2,500	2,500	2,500	2,500
New Choices / New Options.....	1,177	500	0	0	0	0	0
Employment Services.....	100	0	0	0	0	0	0
Industry Partnerships.....	1,614	1,613	1,452	1,452	1,452	1,452	1,452
TOTAL GENERAL FUND	\$ 13,112	\$ 2,113	\$ 3,952	\$ 3,952	\$ 3,952	\$ 3,952	\$ 3,952

PROGRAM OBJECTIVE: To enable eligible persons with disabilities to obtain competitive employment.

Program: Vocational Rehabilitation

The mission of the Office of Vocational Rehabilitation (OVR) is to assist Pennsylvanians with disabilities to secure and maintain employment and independence. During 2011, approximately 104,000 customers with disabilities were referred to and/or served by OVR programs.

The office administers a number of programs to achieve its mission, but a significant emphasis is placed on vocational rehabilitation services. These efforts target the estimated 540,000 citizens of the commonwealth who have physical or mental impairments that present a substantial impediment to employment. The Federal Rehabilitation Act of 1973 as amended in 1992, authorized federal funding and established eligibility criteria for vocational rehabilitation services. Services are provided to individuals with disabilities who can benefit from services to prepare for, enter, or retain employment. Primary emphasis is placed on serving individuals with the most significant disabilities. These individuals generally require extensive and varied services over an extended period of time. State and federal funds are expended through the Vocational Rehabilitation Fund. Supported employment services improve employment opportunities for those previously considered to have disabilities so significant that they could not benefit from the traditional vocational rehabilitation program. Supported employment combines job placement in the community with job training at the job site. Full-time training and support services are provided.

Pursuant to Act 15 of 1999, the OVR oversees the Bureau of Blind and Visual Services which provides services to persons who are blind or visually impaired. In addition

to vocational rehabilitation services, qualified applicants may receive specialized services through programs that are fully state-funded or through the Independent Living for Older Blind program within the federal Rehabilitation Act. Services may coincide with vocational rehabilitation services or be provided separately, depending on the needs of the individual.

The Hiram G. Andrews Center in Johnstown is administered through OVR. The center provides adults with disabilities a wide array of job training and vocational rehabilitation services in a campus-like environment. The center draws funds from the federal/state vocational rehabilitation program as well as from numerous grants and special projects.

Independent living services are provided through the nine Centers for Independent Living (CILs) created by Act 139 of 1994. CILs are non-profit community-based organizations that provide information and referral services, peer counseling, independent living skills training and other services to Pennsylvanians with disabilities.

Programs that increase the availability of assistive technology (AT) for people with disabilities are also administered. Assistive technology is any device that helps a person with a disability achieve a more independent and productive life. The proliferation of AT is achieved through two third-party programs that make AT financing available and affordable to people with disabilities and enable them to “test drive” AT before making what can be a major, irreversible purchase.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND				Assistive Technology Devices
	Transfer to the Vocational Rehabilitation Fund		\$	-13	—nonrecurring 2011-12 budgetary freeze amount.
\$	-1,417	—reduction in funding.			
	Supported Employment		\$	-21	Assistive Technology Demonstration and Training
\$	-21	—nonrecurring 2011-12 budgetary freeze amount.			—nonrecurring 2011-12 budgetary freeze amount.
	Centers for Independent Living		\$	-101	
\$	-101	—nonrecurring 2011-12 budgetary freeze amount.			

Program: Vocational Rehabilitation (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Transfer to Vocational Rehabilitation Fund	\$ 40,473	\$ 40,473	\$ 39,056	\$ 39,056	\$ 39,056	\$ 39,056	\$ 39,056
Supported Employment	455	418	397	397	397	397	397
Centers for Independent Living	2,033	2,013	1,912	1,912	1,912	1,912	1,912
Assistive Technology Devices	336	257	244	244	244	244	244
Assistive Technology Demonstration and Training	547	420	399	399	399	399	399
TOTAL GENERAL FUND	\$ 43,844	\$ 43,581	\$ 42,008	\$ 42,008	\$ 42,008	\$ 42,008	\$ 42,008

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Community and Occupational Safety and Stability							
Income Security - Workers' Rights							
Minimum wage violations cited	387	400	400	410	410	410	410
Child Labor Law violations	253	200	200	200	200	200	200
Nonpayment of wage violations	4,395	5,000	5,000	5,000	5,000	5,000	5,000
Prevailing Wage Law violations	529	470	470	470	480	480	490
Prevailing Wage Law violations cases closed	580	520	520	520	520	520	520
Prevailing Wage Law violations cases closed-average number of days	78	78	78	78	78	78	78
Labor Relations							
Mediated cases for public sector bargaining units involving work stoppages	1%	2%	2%	2%	2%	2%	2%
Mediated cases for private sector bargaining units involving work stoppages	0%	10%	10%	10%	10%	10%	10%
Unfair Labor Practice Cases Opened	402	425	425	425	425	425	425
Unfair Labor Practice Cases Concluded	460	500	500	500	500	500	500
Union Representation Cases Opened	146	175	175	175	175	175	175
Union Representation Cases Concluded	184	200	200	200	200	200	200
Public Health and Safety Inspections							
Building inspections performed	35,660	30,000	30,000	29,000	29,000	29,000	29,000
Elevator inspections performed	11,130	12,000	12,000	12,000	12,000	12,000	12,000
Boiler inspections performed	27,951	27,000	27,000	27,000	27,000	27,000	27,000
Other inspections performed	2,401	2,800	3,000	3,500	4,000	4,000	4,000
Building approvals issued	3,372	3,000	3,000	3,000	3,000	3,000	3,000
New buildings certified and renovations of existing buildings certified	2,379	2,300	2,300	2,300	2,300	2,300	2,300
Municipalities choosing to provide their own enforcement under the Uniform Construction Code Act	2,399	2,380	2,325	2,300	2,300	2,300	2,300
Certifications, accreditations & licensing (Asbestos/Lead/Private Employment Agency Licensing/Uniform Construction Code)	2,041	2,100	2,100	2,100	2,100	2,100	2,100

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Incident reports received	639	700	700	650	650	600	600
Program: Workers' Compensation and Assistance							
Reportable injuries arising in the course of employment under the Workers' Compensation Act	90,719	98,000	98,000	98,000	98,000	98,000	98,000
Total petitions assigned resulting from reportable injuries under the Workers' Compensation Act	47,878	48,000	48,000	48,000	48,000	48,000	48,000
Number of final decisions in litigated workers' compensation claims	48,268	49,000	49,000	49,000	49,000	49,000	49,000
Claimants qualifying for occupational disease payments from commonwealth funds	430	400	370	340	310	280	250
Average time in months to litigate (i.e., hear and decide) a workers' compensation claim	6.70	6.70	6.70	6.70	6.70	6.70	6.70
New claims for unemployment compensation	790,336	700,000	670,000	650,000	650,000	650,000	650,000
Program: Workforce Investment							
Work Investment Act Title I							
Workforce Investment Act Adult Entered Employment Rate	71%	73%	73%	75%	76%	76%	77%
Dislocated Worker Entered Employment Rate	68%	70%	72%	75%	75%	75%	75%
Youth Placement Rate	57%	59%	59%	59%	59%	59%	59%
Workforce Investment Act Adult Employment Retention	82%	82%	82%	82%	82%	82%	82%
Dislocated Worker Employment Retention	89%	90%	90%	90%	90%	90%	90%
Youth Attainment (Individuals attaining a high school diploma, GED, postsecondary degree, or certification while enrolled in training)	75%	77%	77%	77%	77%	77%	77%
Number of Rapid Response Activities	396	350	300	300	300	300	300
Number of Youth Engaged in All Career Awareness Activities	225,000	225,000	225,000	225,000	225,000	225,000	225,000
Number of Internships	12,000	12,000	12,000	12,000	12,000	12,000	N/A
Number of Individuals Trained by Individual Training Accounts	8,343	6,000	6,000	6,000	6,000	6,000	6,000

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Wagner Peyser							
Wagner-Peyser Entered Employment Rate	52%	53%	55%	56%	58%	58%	58%
Wagner-Peyser Employment Retention	80%	82%	82%	82%	82%	82%	82%
Incumbent Workers							
Incumbent Worker Employment Retention Rate (Industry Partnership Participants)	81%	82%	82%	83%	84%	84%	84%
Incumbent Worker Wage Change (Industry Partnership Participants)	4%	4%	4%	5%	5%	5%	5%
Number of Incumbent Workers Trained (Industry Partnership Participants)	12,479	13,000	13,000	13,000	13,000	13,000	13,000
Apprentice completions-graduations	5,100	5,000	4,900	4,800	4,700	4,600	4,500
Registered Apprentices	14,192	14,500	14,500	15,000	15,000	15,000	15,000
Minorities Registered for Apprenticeship	1,704	1,700	1,700	1,750	1,750	1,800	1,850
Program: Vocational Rehabilitation							
Number of eligible participants with active plans	48,652	45,000	45,000	45,000	45,000	45,000	45,000
Number of participants closed as employed	10,179	10,000	10,000	10,000	10,000	10,000	10,000
Number of persons successfully completing independent living/specialized services	1,152	1,500	1,500	1,500	1,500	1,500	1,500
Number of persons moving into employment who received postsecondary education and who were referred to OVR while in secondary education	1,035	1,200	1,200	1,200	1,200	1,200	1,200
Number of persons moving into employment without receiving postsecondary education and who were referred to OVR while in secondary education	1,278	1,255	1,255	1,255	1,255	1,255	1,255



LIQUOR CONTROL BOARD

The mission of the Liquor Control Board is to regulate the alcohol beverage industry in a fair and consistent manner; to provide the best service to its customers through modern, convenient outlets, superior product selection and competitive prices in a controlled environment; and to provide factual information on alcohol and its effects through a comprehensive alcohol education program.

The Liquor Control Board controls the manufacture, possession, sale, consumption, importation, use, storage, transportation and delivery of liquor, alcohol and malt or brewed beverages in the commonwealth.

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Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2010-11	2011-12	2012-13
	ACTUAL	AVAILABLE	BUDGET
GENERAL FUND:			
<i>General Government:</i>			
(F)Enforcing Underage Drinking Laws (EA).....	\$ 100	\$ 100	\$ 70
	<hr/>	<hr/>	<hr/>
OTHER FUNDS:			
STATE STORES FUND:			
General Operations (EA).....	\$ 431,515	\$ 442,700	\$ 446,700
Purchase of Liquor (EA).....	974,257	1,069,000	1,200,000
Comptroller Operations (EA).....	6,022	6,000	6,000
	<hr/>	<hr/>	<hr/>
STATE STORES FUND TOTAL.....	\$ 1,411,794	\$ 1,517,700	\$ 1,652,700
	<hr/>	<hr/>	<hr/>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	100	100	70
OTHER FUNDS.....	1,411,794	1,517,700	1,652,700
	<hr/>	<hr/>	<hr/>
TOTAL ALL FUNDS.....	\$ 1,411,894	\$ 1,517,800	\$ 1,652,770
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Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
LIQUOR CONTROL							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	100	100	70	70	70	70	70
OTHER FUNDS.....	1,411,794	1,517,700	1,652,700	1,652,700	1,652,700	1,652,700	1,652,700
SUBCATEGORY TOTAL.....	\$ 1,411,894	\$ 1,517,800	\$ 1,652,770	\$ 1,652,770	\$ 1,652,770	\$ 1,652,770	\$ 1,652,770
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	100	100	70	70	70	70	70
OTHER FUNDS.....	1,411,794	1,517,700	1,652,700	1,652,700	1,652,700	1,652,700	1,652,700
DEPARTMENT TOTAL.....	\$ 1,411,894	\$ 1,517,800	\$ 1,652,770	\$ 1,652,770	\$ 1,652,770	\$ 1,652,770	\$ 1,652,770

PROGRAM OBJECTIVE: To control the manufacture, distribution and sale of alcoholic beverages in Pennsylvania.

Program: Liquor Control

All bottle sales of wines and spirits in Pennsylvania, with the exception of sales by licensed Pennsylvania wineries, are made through 609 state liquor stores operated by the Pennsylvania Liquor Control Board (PLCB). This includes both retail sales to individual consumers and wholesale sales to those private establishments that make retail sales of alcoholic beverages by the drink. The state liquor stores include six outlet stores, 19 one-stop shops located in grocery stores, 72 Premium Collection stores, one Wine Boutique, and 163 stores that are open on Sundays.

Revenues from the sale of wines and spirits cover the cost of merchandise sold in the stores and all Liquor Control Board operating expenses including Office of the Comptroller for the PLCB. Additionally, these revenues fund the operations of the Pennsylvania State Police Bureau of Liquor Control Enforcement, provide funding to the Department of Health to support drug and alcohol programs, and cover significant expense allocations from other state agencies such as the Office of Administration and Auditor General. Remaining proceeds from wine and spirit sales are transferred annually to the commonwealth's General Fund in accordance with the Pennsylvania Liquor Code.

The Liquor Control Board's marketing strategy is geared to offering increased service to customers of legal age while maintaining the necessary controls at the point of purchase of alcoholic beverages. Each year, more than 1.1 million documented minor challenges are performed in sales situations where store employees had concern regarding the legal age requirement of potential buyers. Recent agency initiatives to increase service and expand premium product selection include: growth of the Chairman's Selection™ wine program, enhanced internet presence, and a make-over of the Liquor Control Board's image through a complete re-branding effort in select retail locations. Some expanded customer service has resulted from amendments to the Liquor Code that have allowed implementation of consumer-oriented changes within the store environment including trade publication and accessory item sales, in-store sampling of products, limited Sunday sales and instantly redeemable coupons.

The PLCB licenses private establishments that make retail sales of alcoholic beverages by the drink. It also

regulates the sale of malt and brewed beverages by licensing the distributors, restaurants, hotels and clubs that sell these items. In 2001, Act 141 revised the existing license quota system from municipal-based to county-based to allow for flexibility of licenses in developing areas most needed within the counties.

The Liquor Control Board has established an important nuisance bar program to ensure the safety and security of our citizens. This program supports a task force that uses the expertise of representatives of community affairs offices, district attorney offices, local and state police drug task forces, local communities and the General Assembly. If it is determined that a licensed business has abused its license privilege and, through its conduct or record of violations, demonstrates a pattern of activities that threatens the health and safety of the local community, the Liquor Control Board will refuse to renew its license. The Board typically rejects renewal of 150 - 200 licenses annually.

In 1994, the Liquor Control Board formalized its commitment to providing information about alcohol consumption by establishing the Bureau of Alcohol Education. The bureau's annual budget supports its three-fold mission of delivering a no-alcohol use or "zero tolerance" message to all citizens under the age of 21, encouraging responsibility and moderation for any adult age 21 and over who chooses to drink alcoholic beverages, and promoting responsible alcohol beverage service and practices among licensees and persons that serve beverage alcohol in Pennsylvania. The Education and Grants Management Division awards a maximum of \$1.5 million in educational grants annually that enable colleges, communities, and law enforcement agencies to combat underage and dangerous drinking. Act 141 of 2001 expanded the role of the Liquor Control Board through establishing a comprehensive Responsible Alcohol Management Program (RAMP) that offers responsible service training to licensees in Pennsylvania. The Bureau of Alcohol Education's RAMP Division is responsible for overseeing this program, including offering owner/manager training to licensees and certifying, monitoring and tracking all server/seller training in Pennsylvania. Annually, RAMP training is provided to more than 25,000 licensee servers.

Program: Liquor Control (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	STATE STORES FUND		Purchase of Liquor (EA)
	General Operations (EA)		—for inventory costs.
\$ 4,000	—to continue current program.	\$ 131,000	

Comptroller Operations (EA) is recommended at the current year funding level.

This budget proposes a transfer of \$80 million from the State Stores Fund to the General Fund in 2012-13.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
STATE STORES FUND:							
General Operations (EA)	\$ 431,515	\$ 442,700	\$ 446,700	\$ 446,700	\$ 446,700	\$ 446,700	\$ 446,700
Purchase of Liquor (EA)	974,257	1,069,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Comptroller Operations (EA)	6,022	6,000	6,000	6,000	6,000	6,000	6,000
TOTAL STATE STORES FUND	\$ 1,411,794	\$ 1,517,700	\$ 1,652,700	\$ 1,652,700	\$ 1,652,700	\$ 1,652,700	\$ 1,652,700

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Liquor Control							
Pennsylvania State Liquor Stores	613	609	613	613	613	613	613
Gross sales (includes taxes) (in thousands)	\$1,970,007	\$2,039,000	\$2,110,000	\$2,184,000	\$2,261,000	\$2,340,000	\$2,422,000
Net sales per dollar spent - all stores	\$7.00	\$7.16	\$7.33	\$7.50	\$7.68	\$7.86	\$8.04
Net sales per dollar spent - Premium Collection stores	\$7.49	\$7.71	\$7.95	\$8.18	\$8.43	\$8.68	\$8.94
Alcohol education materials distributed	1,180,597	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Servers/Sellers receiving Responsible Alcohol Management Program (RAMP) training*	25,528	26,000	27,000	28,000	29,000	30,000	31,000
Owners/Managers receiving RAMP training*	2,330	2,300	2,200	2,200	2,100	2,100	2,100
Establishments that are RAMP certified*	1,060	1,100	1,200	1,300	1,400	1,500	1,600

*New Program Measures.

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DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

The Department of Military and Veterans Affairs has two missions in state government. One mission of the department is to provide world-class service to Pennsylvania veterans, their spouses and their dependents by operating a network of veterans' assistance programs and six veterans homes.

The other mission of the department is to provide combat-ready units of the Pennsylvania Army and Air National Guard to protect the lives and property of the people of the commonwealth and preserve peace, order and public safety. The Pennsylvania National Guard has dual missions. Its federal mission is to be trained and equipped to join the active military forces in time of war or national emergency, and its state mission is to respond to the orders of the Governor in the event of natural and man-made disasters.

The Department of Military and Veterans Affairs consists of the Adjutant General, the State Armory Board, the State Veterans Commission, the Soldiers and Sailors Home in Erie, the Veterans Home in Hollidaysburg, the Southeastern Veterans Center in Spring City, the Gino J. Merli Veterans Center in Scranton, the Southwestern Veterans Center in Pittsburgh and the Delaware Valley Veterans Home in Philadelphia.

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Military and Veterans Affairs

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 18,207^a	\$ 18,381^b	\$ 18,741
(F)Facilities Maintenance.....	77,685	77,685	77,685
(F)ARRA - Facilities Maintenance.....	5,000	5,000	0
(F)Federal Construction Grants.....	180,000	180,000	80,000
(F)ARRA - Federal Construction Grants.....	30,000	20,000	0
(F)Domestic Preparedness (EA).....	286	1,000	1,000
(A)Rental of Armories and Other Facilities.....	122	122	122
(A)Housing Fees.....	48	58	60
(A)Utility Reimbursements.....	169	195	195
(A)Miscellaneous Reimbursements.....	106	72	72
(R)Veterans Services and Veterans Outreach Services.....	0	0	1,700 ^c
Burial Detail Honor Guard.....	74	99	99
Armory/Readiness Centers Maintenance and Repair.....	496	446	446
Special State Duty.....	35	35	35
Subtotal.....	\$ 312,228	\$ 303,093	\$ 180,155
Subtotal - State Funds.....	\$ 18,812	\$ 18,961	\$ 19,321
Subtotal - Federal Funds.....	292,971	283,685	158,685
Subtotal - Augmentations.....	445	447	449
Subtotal - Restricted Revenues.....	0	0	1,700
Total - General Government.....	\$ 312,228	\$ 303,093	\$ 180,155
Institutional:			
Veterans Homes.....	\$ 82,226	\$ 93,357	\$ 87,121
(F)Enhanced Veterans Reimbursement.....	13,088	13,548	14,286
(F)ARRA - Enhanced Veterans Reimbursement.....	1,859	0	0
(F)Operations and Maintenance.....	39,521	41,474	41,641
(F)Medical Reimbursements.....	1,159	675	630
(A)Aid and Attendance Payments.....	7,389	7,368	7,503
(A)Residential Fees.....	17,000	17,883	17,330
(A)Insurance or Third Party Reimbursements.....	0	0	48
(A)Miscellaneous Reimbursements.....	133	413	359
(A)Estate Collections.....	3,346	2,519	2,465
Subtotal.....	\$ 165,721	\$ 177,237	\$ 171,383
Subtotal - State Funds.....	\$ 82,226	\$ 93,357	\$ 87,121
Subtotal - Federal Funds.....	55,627	55,697	56,557
Subtotal - Augmentations.....	27,868	28,183	27,705
Total - Institutional.....	\$ 165,721	\$ 177,237	\$ 171,383
Grants and Subsidies:			
Education of Veterans Children.....	\$ 100	\$ 101	\$ 101
Transfer to Educational Assistance Program Fund.....	5,767	12,870	12,870
Veterans Assistance.....	404	408	0
Blind Veterans Pension.....	220	222	222
Paralyzed Veterans Pension.....	419	425	455
National Guard Pension.....	5	5	5
Supplemental Life Insurance Premiums.....	361	364	364
Disabled American Veterans Transportation.....	333	336	336
Veterans Outreach Services.....	1,632	1,632	1,632
Subtotal.....	\$ 9,241	\$ 16,363	\$ 15,985
Total - Grants and Subsidies.....	\$ 9,241	\$ 16,363	\$ 15,985

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
STATE FUNDS.....	\$ 110,279	\$ 128,681	\$ 122,427
FEDERAL FUNDS.....	348,598	339,382	215,242
AUGMENTATIONS.....	28,313	28,630	28,154
RESTRICTED REVENUES.....	0	0	1,700
GENERAL FUND TOTAL.....	\$ 487,190	\$ 496,693	\$ 367,523
 OTHER FUNDS:			
GENERAL FUND:			
Military Family Relief Assistance.....	\$ 52	\$ 200	\$ 300
EDUCATIONAL ASSISTANCE PROGRAM FUND:			
National Guard Education (EA).....	\$ 0 ^d	\$ 0 ^d	\$ 0 ^d
PENNSYLVANIA VETERANS MEMORIAL TRUST FUND:			
Veterans Memorial (EA).....	\$ 90	\$ 90	\$ 90
STATE TREASURY ARMORY FUND:			
Armory Improvements.....	\$ 1,126	\$ 650	\$ 850
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 110,279	\$ 128,681	\$ 122,427
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	348,598	339,382	215,242
AUGMENTATIONS.....	28,313	28,630	28,154
RESTRICTED.....	0	0	1,700
OTHER FUNDS.....	1,268	940	1,240
TOTAL ALL FUNDS.....	\$ 488,458	\$ 497,633	\$ 368,763

^a Appropriated as \$242,000 for Facilities Management and Security and \$17,965,000 for General Government Operations in FY 2010-11.

^b Appropriated as \$240,000 for Facilities Management and Security and \$18,141,000 for General Government Operations in FY 2011-12.

^c Proposed new restricted account to fund veterans services and veterans outreach services.

^d Not added to the total to avoid double counting with the Transfer to the Educational Assistance Program Fund appropriation. 2010-11 Actual is \$11,000,000; 2011-12 Available is \$12,870,000 and 2012-13 Budget is \$12,870,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
STATE MILITARY READINESS							
GENERAL FUND.....	\$ 18,812	\$ 18,961	\$ 19,321	\$ 19,321	\$ 19,321	\$ 19,321	\$ 19,321
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	292,971	283,685	158,685	158,685	158,685	158,685	158,685
OTHER FUNDS.....	1,713	1,387	3,389	3,389	3,389	3,389	3,389
SUBCATEGORY TOTAL.....	\$ 313,496	\$ 304,033	\$ 181,395	\$ 181,395	\$ 181,395	\$ 181,395	\$ 181,395
VETERANS HOMES							
GENERAL FUND.....	\$ 82,226	\$ 93,357	\$ 87,121	\$ 87,121	\$ 87,121	\$ 87,121	\$ 87,121
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	55,627	55,697	56,557	56,557	56,557	56,557	56,557
OTHER FUNDS.....	27,868	28,183	27,705	27,705	27,705	27,705	27,705
SUBCATEGORY TOTAL.....	\$ 165,721	\$ 177,237	\$ 171,383	\$ 171,383	\$ 171,383	\$ 171,383	\$ 171,383
COMPENSATION AND ASSISTANCE							
GENERAL FUND.....	\$ 9,241	\$ 16,363	\$ 15,985	\$ 15,985	\$ 15,985	\$ 15,985	\$ 15,985
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 9,241	\$ 16,363	\$ 15,985	\$ 15,985	\$ 15,985	\$ 15,985	\$ 15,985
ALL PROGRAMS:							
GENERAL FUND.....	\$ 110,279	\$ 128,681	\$ 122,427	\$ 122,427	\$ 122,427	\$ 122,427	\$ 122,427
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	348,598	339,382	215,242	215,242	215,242	215,242	215,242
OTHER FUNDS.....	29,581	29,570	31,094	31,094	31,094	31,094	31,094
DEPARTMENT TOTAL.....	\$ 488,458	\$ 497,633	\$ 368,763	\$ 368,763	\$ 368,763	\$ 368,763	\$ 368,763

PROGRAM OBJECTIVE: To achieve and maintain a readiness capability in units of the Pennsylvania National Guard for quick and effective response to state or federal mobilization.

Program: State Military Readiness

This program provides the administrative, logistical and training support necessary for the Pennsylvania National Guard to maintain requisite readiness capability to service during emergencies. Such emergencies may result in full or partial mobilization of the Pennsylvania National Guard for State service in the commonwealth or Federal service anywhere in the world. Costs for military equipment, supplies and training, such as monthly training assemblies and 15 days annual training, are funded 100 percent by the Federal Government.

The readiness capability of Pennsylvania National Guard units is evaluated according to established Federal inspection and training standards. Primary efforts are directed toward having the Pennsylvania National Guard in top readiness condition in order to perform its State and Federal missions. The training of personnel is

directly dependent upon the adequacy of the operation, maintenance and repair of numerous National Guard readiness centers (formerly known as armories), support facilities, Air National Guard bases and installations. A Statewide communications network is in operation, which provides quicker and more effective response to State or Federal mobilization.

Included within this program are those activities essential to operate a network of community readiness centers and air bases, which serve as training locations for National Guard units. The commonwealth is responsible for providing for the operations, maintenance and repair of the readiness centers and air bases. These facilities may also be utilized as mass care centers for disaster victims and to provide meeting and recreational facilities for local civic and youth organizations.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 360 **General Government Operations**
—to provide enhanced security at Fort
Indiantown Gap.

All other appropriations are recommended at the current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 18,207	\$ 18,381	\$ 18,741	\$ 18,741	\$ 18,741	\$ 18,741	\$ 18,741
Burial Detail Honor Guard	74	99	99	99	99	99	99
Armory/Readiness Centers Maintenance and Repair	496	446	446	446	446	446	446
Special State Duty	35	35	35	35	35	35	35
TOTAL GENERAL FUND	\$ 18,812	\$ 18,961	\$ 19,321	\$ 19,321	\$ 19,321	\$ 19,321	\$ 19,321

PROGRAM OBJECTIVE: To provide nursing and domiciliary care for veterans.

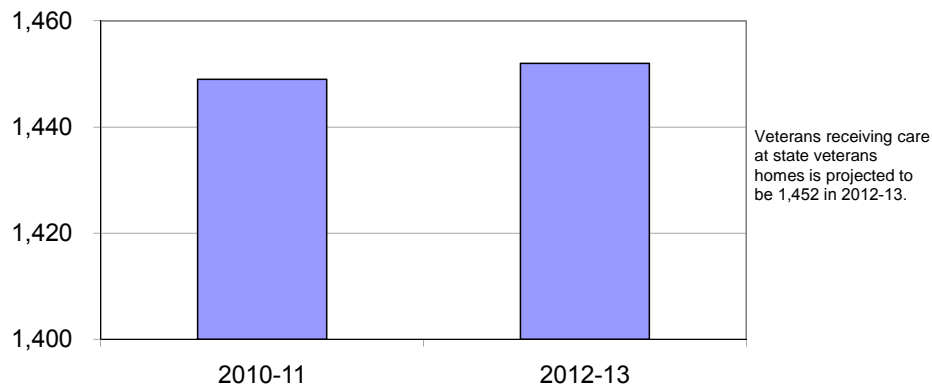
Program: Veterans Homes

The Department of Military and Veterans Affairs provides skilled nursing and domiciliary care for veterans who are disabled, indigent or in need of care. There are six veterans facilities currently providing such care: the Soldiers and Sailors Home in Erie, the Veterans Home at Hollidaysburg, the Southeastern Pennsylvania Veterans Center in Spring City, the Gino J. Merli Veterans Center in Scranton, the Southwestern Veterans Center in Pittsburgh and the Delaware Valley Veterans Home.

The program currently receives assistance from the Federal Department of Veterans Affairs at levels of \$38.90 per patient day for domiciliary care and \$94.59 per patient day for nursing home care in federal fiscal year 2011.

Residents of State veterans homes receive a daily allowance from the Federal Department of Veterans Affairs. Residents use these funds plus their own funds to help offset the cost of their care.

Veterans Receiving Care in State Veterans Homes



Veterans receiving care at state veterans homes is projected to be 1,452 in 2012-13.

Expenditures by Institution: (Dollar Amounts in Thousands)

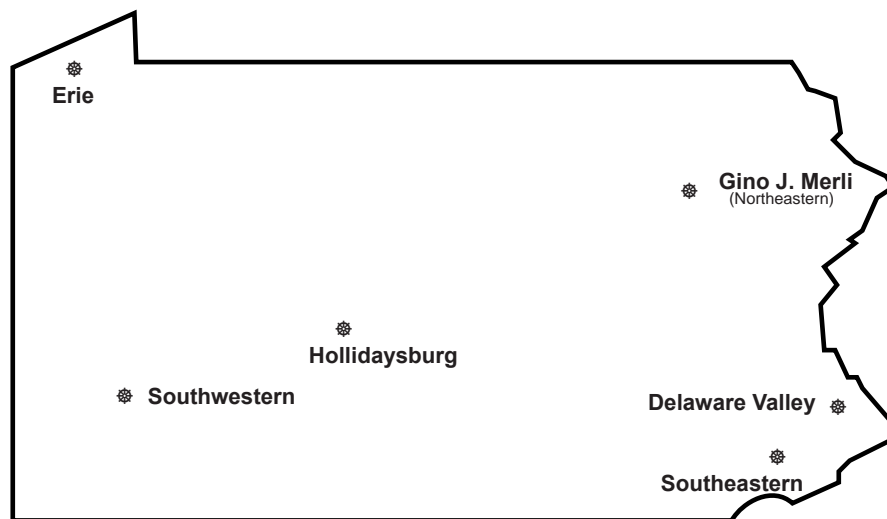
	2010-11 Actual	2011-12 Available	2012-13 Budget		2010-11 Actual	2011-12 Available	2012-13 Budget
Erie Soldiers and Sailors Home				Southwestern Veterans Center			
State Funds.....	\$ 9,707	\$ 10,554	\$ 9,391	State Funds.....	\$ 11,487	\$ 12,677	\$ 11,902
Federal Funds.....	6,435	6,040	6,741	Federal Funds.....	9,475	9,107	10,026
Augmentations.....	2,848	3,196	3,137	Augmentations.....	4,673	4,406	4,679
TOTAL.....	\$ 18,990	\$ 19,790	\$ 19,269	TOTAL.....	\$ 25,635	\$ 26,190	\$ 26,607
Hollidaysburg Veterans Home				Delaware Valley Veterans Home			
State Funds.....	\$ 24,065	\$ 27,464	\$ 26,266	State Funds.....	\$ 7,241	\$ 9,063	\$ 9,582
Federal Funds.....	15,400	15,487	17,152	Federal Funds.....	6,974	6,795	6,182
Augmentations.....	8,108	8,334	8,691	Augmentations.....	3,575	3,544	3,379
TOTAL.....	\$ 47,573	\$ 51,285	\$ 52,109	TOTAL.....	\$ 17,790	\$ 19,402	\$ 19,143
Southeastern Veterans Center				Central Veterans Homes Services			
State Funds.....	\$ 14,376	\$ 14,488	\$ 14,619	State Funds.....	\$ 5,015	\$ 7,410	\$ 3,730
Federal Funds.....	9,040	10,126	8,545	Federal Funds.....	-	-	-
Augmentations.....	4,434	4,612	3,818	Augmentations.....	-	-	-
TOTAL.....	\$ 27,850	\$ 29,226	\$ 26,982	TOTAL.....	\$ 5,015	\$ 7,410	\$ 3,730
Gino J. Merli Veterans Center							
State Funds.....	\$ 10,335	\$ 11,701	\$ 11,631				
Federal Funds.....	8,303	8,142	7,911				
Augmentations.....	4,230	4,091	4,001				
TOTAL.....	\$ 22,868	\$ 23,934	\$ 23,543				

Military and Veterans Affairs

Program: Veterans Homes (continued)

Population and Capacity	Population	Projected	Projected	Projected
Institution	Dec 2011	Population	Capacity	Percent of
		Dec 2012	Dec 2012	Capacity
Erie Soldiers and Sailors Home.....	182	192	207	93%
Hollidaysburg Veterans Home.....	478	478	514	93%
Southeastern Veterans Center	186	184	192	96%
Gino J. Merli Veterans Center.....	190	192	196	98%
Southwestern Veterans Center	233	235	236	100%
Delaware Valley Veterans Home.....	167	171	171	100%
Total.....	<u>1,436</u>	<u>1,452</u>	<u>1,516</u>	<u>96%</u>

Veterans Homes



Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Veterans Homes	
\$ -1,113	—nonrecurring 2011-12 budgetary freeze amount.
-5,123	—reflects implementation of uniform staffing and service model at all veterans homes.
<u>\$ -6,236</u>	<i>Appropriation Decrease</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Available	Budget	Estimated	Estimated	Estimated	Estimated
GENERAL FUND:							
Veterans Homes.....	<u>\$ 82,226</u>	<u>\$ 93,357</u>	<u>\$ 87,121</u>	<u>\$ 87,121</u>	<u>\$ 87,121</u>	<u>\$ 87,121</u>	<u>\$ 87,121</u>

PROGRAM OBJECTIVE: To provide advisory and financial assistance to eligible Pennsylvania veterans, National Guardsmen and their dependents.

Program: Compensation and Assistance

The Department of Military and Veterans Affairs administers several activities within this program.

Program Element: Education of Children of Deceased and Disabled Veterans

Educational grants are provided for children of honorably discharged veterans who have been certified as having wartime service-connected disabilities rated as 100 percent totally and permanently disabled or children of veterans who die or died in service during a period of war or armed conflict. Children must be between 16 and 23 years of age and living within Pennsylvania five years prior to application. They must also attend a school within Pennsylvania and demonstrate financial need. Grants are provided up to a maximum of \$500 per semester.

Program Element: Education — National Guard

Tuition grants are provided for certain members of the Pennsylvania National Guard who enroll in a Pennsylvania institution of higher learning with degree-granting status, as approved by the Department of Education. Act 11 of 2000 increased the monetary benefit of the educational assistance program. Act 212 of 2004 created the Educational Assistance Program Fund to dispense the grants. Grants are available for full-time students for up to 100 percent of the tuition charged (up to \$3,120 per semester) to a Pennsylvania resident at a member institution of the State System of Higher Education. Act 82 of 2005 extended the eligibility time in cases of deployment. Act 44 of 2006 extended the time in case of medical discharge. Act 87 of 2006 amends Title 51 to allow for grants to part-time students. These public service educational grants not only serve as an incentive to the Pennsylvania National Guard's recruiting and retention efforts but also reward those Pennsylvanians who volunteer to serve their nation and the commonwealth.

Program Element: Blind Veterans Pension

Pensions of \$150 per month are provided for Pennsylvania veterans who incurred functional blindness while performing active military service.

Program Element: Paralyzed Veterans Pension

Pensions of \$150 per month are provided to Pennsylvania veterans who have lost the use of two or more extremities while serving on active duty in the armed forces of the United States. Act 109 of 2001 expanded this program by eliminating the residency and wartime service requirement.

Program Element: National Guard Pensions

Payment of a pension is provided to guardsmen and widowed and dependent family members. A National Guardsman who is injured, otherwise disabled or dies as a result of injuries or other disability received or

contracted while performing duty in active service to the commonwealth, or in the performance of other state military duty, is eligible. Current law provides for a monthly pension for dependents up to a maximum of \$300 per month for a period of 10 years. In the case of children of a deceased member, the pension is paid until the child reaches 18 years of age.

Program Element: Supplemental Life Insurance Premiums

Act 105 of 2006 authorized the commonwealth to pay or reimburse the cost not otherwise paid for by the federal government, of Servicemembers' Group Life Insurance premiums for eligible soldiers and airmen of the PA National Guard.

Program Element: Veterans Service Outreach Program

Act 66 of 2007 created the Veterans Service Organizations grant program to provide grants to organizations for the improvement of the administration and delivery of services to Pennsylvania veterans.

Program Element: Persian Gulf Conflict Veterans Benefit Program

Compensation of up to \$525, calculated based on months of service in the theater of the operations during the first Persian Gulf conflict (August 1990 – August 1991) is paid to eligible Pennsylvania veterans of the conflict. In addition, compensation of \$5,000 is paid to eligible survivors of deceased veterans and prisoners of war. The program was authorized by Act 29 of 2006.

Program Element: Disabled Veterans Real Estate Tax Exemption Program

This program provides a real estate tax exemption for any honorably discharged veteran who is 100 percent disabled and a resident of the commonwealth with a financial need who served during established war service dates as determined by the U.S. Department of Veterans Affairs. This exemption shall be extended to the unmarried surviving spouse upon the death of an eligible veteran provided that the State Veterans Commission determines that such person is in need of the exemption.

Program Element: Military Family Relief Assistance Program

Act 65 of 2005 created the program to provide for short-term financial relief to families in need due to deployment of a family member. This program is funded through contributions from state income tax return check offs and donations and was originally intended to last for five years. It has since been extended.

Military and Veterans Affairs

Program: Compensation and Assistance (continued)

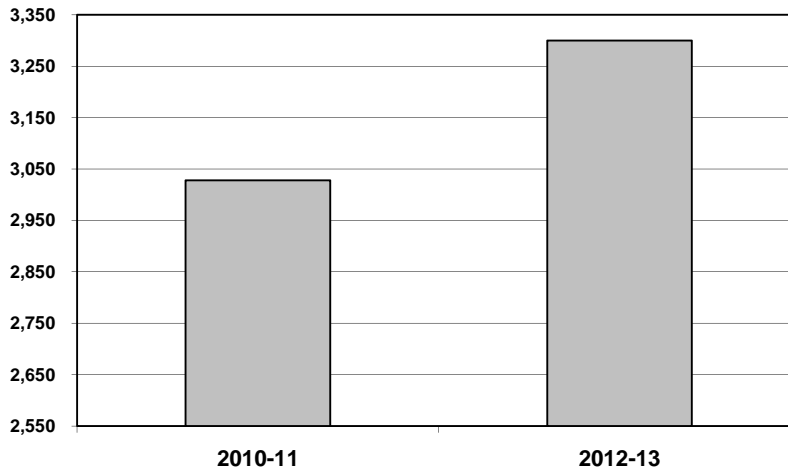
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Program Element: Military Family Relief Assistance Program

Act 65 of 2005 created the program to provide for short-term financial relief to families in need due to deployment of a family member. This program is funded through contributions from state income tax return check offs and donations and was originally intended to last for five years. It has since been extended.

National Guard Personnel Receiving Educational Financial Aid



National Guard personnel receiving educational financial aid is projected to be 3,300 in 2012-13. Act 82 of 2005 extended the eligibility period so that those deployed can finish their education.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Veterans Assistance
 \$ -408 —services to be funded through the proposed Veterans Services and Veterans Outreach Services restricted account.

Paralyzed Veterans Pension
 \$ 30 —to continue current program.

All other appropriations are recommended at the current year funding levels.

This budget proposes the sale of the facilities and grounds of the former Scotland School for Veterans Children. The commonwealth has continued to incur utility and other costs from maintaining this vacated facility.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Education of Veterans Children	\$ 100	\$ 101	\$ 101	\$ 101	\$ 101	\$ 101	\$ 101
Transfer to Educational Assistance							
Program Fund.....	5,767	12,870	12,870	12,870	12,870	12,870	12,870
Veterans Assistance	404	408	0	0	0	0	0
Blind Veterans Pension	220	222	222	222	222	222	222
Paralyzed Veterans Pension	419	425	455	455	455	455	455
National Guard Pension	5	5	5	5	5	5	5
Supplemental Life Insurance Premiums....	361	364	364	364	364	364	364
Disabled American Veterans							
Transportation.....	333	336	336	336	336	336	336
Veterans Outreach Services.....	1,632	1,632	1,632	1,632	1,632	1,632	1,632
TOTAL GENERAL FUND	\$ 9,241	\$ 16,363	\$ 15,985	\$ 15,985	\$ 15,985	\$ 15,985	\$ 15,985

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: State Military Readiness							
Pennsylvania Army National Guard end strength	15,200	15,536	15,536	15,536	15,536	15,536	15,536
Pennsylvania Army National Guard assigned	15,536	15,536	15,536	15,536	15,536	15,536	15,536
Percentage of Army National Guard current strength	98%	100%	100%	100%	100%	100%	100%
Pennsylvania Air National Guard end strength	3,981	4,000	4,000	4,000	4,000	4,000	4,000
Pennsylvania Air National Guard Assigned	4,069	4,100	4,100	4,100	4,100	4,100	4,100
Percentage of Air National Guard current strength	102%	103%	103%	103%	103%	103%	103%
Percentage of armories and field sites rated adequate	46%	46%	46%	46%	46%	46%	46%
Readiness centers and field sites under major repair	27	39	27	18	18	18	18
Department of Defense personnel receiving training at Fort Indiantown Gap	116,690	120,000	120,000	120,000	120,000	120,000	120,000
Non-Department of Defense personnel receiving training at Fort Indiantown Gap	8,683	14,000	14,000	14,000	14,000	14,000	14,000
Pennsylvania Soldiers and Airmen deployed for statewide emergencies*	8,714	19,396	0	0	0	0	0

* New Program Measure

Program: Veterans Homes

Veterans Homes

Percentage of population at Veterans Homes that are veterans	90%	88%	88%	88%	88%	88%	88%
Percentage of population at Veterans Homes that are spouses	10%	12%	12%	12%	12%	12%	12%
Percentage of occupancy rate above national average of state veterans homes - Domiciliary care	22%	22%	22%	22%	22%	22%	22%
Percentage of occupancy rate above national average of state veterans homes - Nursing care	11%	11%	11%	11%	11%	11%	11%

Program: Compensation and Assistance

Veterans in Pennsylvania	964,132	933,000	903,000	874,000	846,000	819,000	793,000
Recipients of veterans emergency assistance	269	300	N/A	N/A	N/A	N/A	N/A
Recipients of blind veterans pension	129	130	135	135	135	135	135
Children of deceased and disabled veterans receiving education grants	83	90	95	95	95	95	95
Participants in paralyzed veterans programs	236	245	250	250	250	250	250

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
National Guard personnel receiving educational financial aid	3,028	3,300	3,300	3,300	3,300	3,300	3,300



MILK MARKETING BOARD

The mission of the Milk Marketing Board is to ensure that Pennsylvania's dairy industry remains vital by providing a regulatory environment that facilitates a safe, adequate supply of wholesome milk while providing security for its dairy farmers and milk dealers and protection for the public health and welfare of consumers.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
OTHER FUNDS:			
MILK MARKETING FUND:			
General Operations.....	\$ 2,836	\$ 2,802	\$ 2,802

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
MILK INDUSTRY REGULATION							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	2,836	2,802	2,802	2,802	2,802	2,802	2,802
SUBCATEGORY TOTAL.....	\$ 2,836	\$ 2,802	\$ 2,802	\$ 2,802	\$ 2,802	\$ 2,802	\$ 2,802
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	2,836	2,802	2,802	2,802	2,802	2,802	2,802
DEPARTMENT TOTAL.....	\$ 2,836	\$ 2,802	\$ 2,802	\$ 2,802	\$ 2,802	\$ 2,802	\$ 2,802

PROGRAM OBJECTIVE: To maintain an adequate supply of wholesome fluid milk.

Program: Milk Industry Regulation

The Milk Marketing Board is a special fund agency financed from milk industry license fees, permit fees and fines. The board supervises, inspects and regulates the milk industry of the commonwealth and establishes reasonable trade control and marketing practices. It formulates policy, holds public hearings and subsequently issues and enforces General Marketing Orders, rules and regulations. The board also handles prosecution and levying of penalties against violators of the Milk Marketing Law, the Milk Producers' Security Act and board regulations.

The board's major function is to ensure an adequate milk supply by setting minimum prices paid to farmers, minimum prices dealers can charge wholesale and retail customers, and minimum prices stores can charge consumers. The regulation process is complicated by the existence of Federal Marketing Orders, which are prices

established by the federal government that must be paid to producers.

The board has implemented an automated Milk Accounting and Regulatory System (MARS). The system values milk based on component pricing, allowing adaptation to changes in the state and federal regulatory environment. Pricing information collected through the system and from public hearings is used by the board to establish minimum milk prices.

The board had previously considered the ratio of the supply of milk fluid to demand in the regulation process, but other indicators are more relevant to the process and that ratio is no longer calculated. Factors such as the price of milk in neighboring states and the ratio of the cost of production to current or expected prices are more important to price establishment and are widely discussed at the public meetings.

Program Recommendation:

This budget recommends the following changes from the Milk Marketing Fund:
(Dollar Amounts in Thousands)

General Operations is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
MILK MARKETING FUND:							
General Operations	\$ 2,836	\$ 2,802	\$ 2,802	\$ 2,802	\$ 2,802	\$ 2,802	\$ 2,802

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Milk Industry Regulation							
Percentage of producer payments made adequately and on time	99%	99%	99%	99%	99%	99%	99%
Public hearings held to consider the level and duration of the class 1 over-order premium	2	2	2	2	2	2	2
General and cost replacement hearings held to determine dealer and retailer costs*	0	6	6	6	6	6	6
Licenses and permits issued	2,161	2,100	2,100	2,100	2,100	2,100	2,100
Audits of milk dealers for compliance with milk sales' rules and regulations	792	1,000	1,000	1,000	1,000	1,000	1,000

*The Milk Marketing Board delayed holding General and Cost Replacement hearings in 2010-11 while it considered procedural changes to the cost replacement process. Therefore, these hearings were temporarily suspended in all six regions. The hearings schedule will resume in 2011-12.



BOARD OF PROBATION AND PAROLE

The mission of the Board of Probation and Parole is to protect the safety of the public, address the needs of crime victims, improve county adult probation and parole services and assist in the fair administration of justice by ensuring the custody, control and treatment of offenders under the jurisdiction of the board.

The Board of Probation and Parole rehabilitates and supervises persons on probation or parole, helping them to reintegrate within society. The board provides for the reintegration of persons who have served their minimum sentence in a correctional institution as well as identifies those who cannot adjust to the community. State probation services and investigations are also provided upon request from the courts. The Office of Victim Advocate within the Board of Probation and Parole administers the victim service programs of both the board and the Department of Corrections. The Sexual Offenders Assessment Board is responsible for the review of registration of sexual offenders and conducting assessments of convicted sex offenders.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 96,847	\$ 104,960	\$ 110,281
(F)Violence Prediction Model.....	175	130	86
(F)ARRA - Laptop Project (EA).....	672	0	0
(F)ARRA - Maximizing Victim Restitution (EA).....	75	65	35
(F)Absconder Apprehension (EA).....	20	15	0
(A)State Parole Supervision Fees.....	4,250	4,100	3,900
(A)Interstate Supervision Fees.....	83	85	85
Subtotal.....	<u>\$ 102,122</u>	<u>\$ 109,355</u>	<u>\$ 114,387</u>
Sexual Offenders Assessment Board.....	4,193	4,799	5,164
(F)ARRA - System Process Enhancements (EA).....	129	84	0
Subtotal.....	<u>\$ 4,322</u>	<u>\$ 4,883</u>	<u>\$ 5,164</u>
Subtotal - State Funds.....	\$ 101,040	\$ 109,759	\$ 115,445
Subtotal - Federal Funds.....	1,071	294	121
Subtotal - Augmentations.....	4,333	4,185	3,985
Total - General Government.....	<u>\$ 106,444</u>	<u>\$ 114,238</u>	<u>\$ 119,551</u>
<i>Grants and Subsidies:</i>			
Improvement of Adult Probation Services.....	\$ 17,248	\$ 17,076	\$ 16,222
(A)County Parole Supervision Fees.....	0 ^a	0 ^a	0 ^a
Subtotal.....	<u>\$ 17,248</u>	<u>\$ 17,076</u>	<u>\$ 16,222</u>
Subtotal - State Funds.....	\$ 17,248	\$ 17,076	\$ 16,222
Total - Grants and Subsidies.....	<u>\$ 17,248</u>	<u>\$ 17,076</u>	<u>\$ 16,222</u>
STATE FUNDS.....	\$ 118,288	\$ 126,835	\$ 131,667
FEDERAL FUNDS.....	1,071	294	121
AUGMENTATIONS.....	4,333	4,185	3,985
GENERAL FUND TOTAL.....	<u>\$ 123,692</u>	<u>\$ 131,314</u>	<u>\$ 135,773</u>
OTHER FUNDS:			
GENERAL FUND:			
Firearms Education and Training Commission.....	\$ 464	\$ 504	\$ 575
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 118,288	\$ 126,835	\$ 131,667
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	1,071	294	121
AUGMENTATIONS.....	4,333	4,185	3,985
OTHER FUNDS.....	464	504	575
TOTAL ALL FUNDS.....	<u>\$ 124,156</u>	<u>\$ 131,818</u>	<u>\$ 136,348</u>

^a Reflects proposal to permit counties to retain these funds rather than transmitting them to the state for distribution back to the counties.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
REINTEGRATION OF THE ADULT OFFENDER							
GENERAL FUND.....	\$ 118,288	\$ 126,835	\$ 131,667	\$ 131,847	\$ 131,847	\$ 131,847	\$ 131,847
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,071	294	121	0	0	0	0
OTHER FUNDS.....	4,797	4,689	4,560	4,360	4,260	4,260	4,260
SUBCATEGORY TOTAL.....	\$ 124,156	\$ 131,818	\$ 136,348	\$ 136,207	\$ 136,107	\$ 136,107	\$ 136,107
ALL PROGRAMS:							
GENERAL FUND.....	\$ 118,288	\$ 126,835	\$ 131,667	\$ 131,847	\$ 131,847	\$ 131,847	\$ 131,847
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,071	294	121	0	0	0	0
OTHER FUNDS.....	4,797	4,689	4,560	4,360	4,260	4,260	4,260
DEPARTMENT TOTAL.....	\$ 124,156	\$ 131,818	\$ 136,348	\$ 136,207	\$ 136,107	\$ 136,107	\$ 136,107

PROGRAM OBJECTIVE: To decrease the recurrence of crime by replacing criminal behavior with socially acceptable behavior.

Program: Reintegration of the Adult Offender

The Pennsylvania Board of Probation and Parole's primary goal is to protect the safety of the public through effective parole decisions and proper supervision and management of offenders who are returning to their communities. Successful reentry of offenders can reduce the likelihood that they will victimize anyone else and ultimately return to prison.

The responsibilities of the board are to make parole decisions and supervise adult parolees with a maximum sentence of two years or more; revoke the parole of technical parole violators who persist in continuing to violate parole conditions and revoke the parole of violators who are convicted of new crimes; and discharge from parole offenders under supervision who have fulfilled their sentences in compliance with the conditions of parole. The number of offenders projected to be under board supervision by June 2013 is 40,400, up from 34,745 in June 2011. The parole population includes offenders paroled from the state correctional system, special county probation and parole cases and offenders transferred pursuant to the interstate compact from other states into Pennsylvania. Offenders with maximum sentences under two years are supervised at the county level unless the county court certifies the case to the state for special probation supervision. Acts 81 and 83 of 2008 add the chairman of the Board of Probation and Parole to the Pennsylvania Commission on Sentencing and provide for rebuttable and administrative parole. Place of confinement provisions from Act 81 went into effect in November 2011. Offenders sentenced to a term of two years or more but less than five years may be confined in county jail if the chief administrator certifies that the jail has sufficient capacity. The judge retains paroling authority.

Program Element: Parole Decisions

Offenders must serve their minimum sentence before they become eligible for parole. To prepare offenders for reentry while incarcerated, the board and the Department of Corrections jointly develop a correctional plan to address drug and alcohol treatment needs, educational opportunities, vocational training, counseling services and employment opportunities within the institution. During a parole hearing, board members consider the offender's behavior and program performance while in prison, review the offender's risk and needs assessment and consider other factors required by law to determine if the offender's reentry into the community is not likely to compromise public safety. A validated risk and needs assessment instrument is used to maintain consistency and accuracy in parole decisions and to ensure that justice is administered fairly.

Program Element: Reentry Preparation

To fulfill the mission of community safety, the Bureau of Offender Reentry focuses on preparing inmates for parole release and providing continued support during the critical initial period of readjustment following an inmate's return to the community. The board's institutional parole staff works with offenders while they are incarcerated to identify employment, housing and other issues that create obstacles or challenges to successful reentry. Inmates are introduced to the commonwealth's CareerLink services and given assistance with the basics of job search preparation. Upon release, an offender's needs are reassessed every six months or more frequently if deemed appropriate. Drug and alcohol treatment, cognitive behavioral and other programming is made available via parole field staff and referrals to individual county programs or while under supervision at a Department of Corrections community corrections center or other contract facility.

Program Element: Supervision and Case Management

The reentry of an offender into the community requires effective parole supervision that is a balance of monitoring and enforcement of parole conditions coupled with effective case management. As part of the board's responsibility to public safety, the field parole agent uses problem-solving case management and other evidenced-based strategies to help manage and reduce the offender's risk to re-offend. Parole staff also helps the offender with challenges regarding his job, residence, continuity of care or other issues. Also key to public safety and a reduction of crime is the management of technical parole violators through alternative, community-based interventions and specialized support programs to safely and effectively allow for continued supervision in the community. Act 95 of 2010 authorizes the use of technical parole violator centers for certain offenders. These secure centers immediately address the issues causing the offender to struggle with their adjustment to life outside of prison with the goal to reduce the number of technical parole violators returned to prison. The board has implemented a violent offender management protocol that includes a curfew and violence prevention aftercare program. Anger management and life skills programming are also provided. The board has developed and initiated these actions to aid in reducing offender recidivism.

Program Element: County Probation

In addition to operating the state parole system, the board has the responsibility of administering a grant-in-aid program to support county adult probation personnel

Program: Reintegration of the Adult Offender (continued)

and services. Act 134 of 1986, which amended the Parole Act, provides that counties shall be reimbursed for up to 80 percent of the personnel costs for pre-sentence investigations and for improved probation supervision and programs, provided that sufficient funds are appropriated. The grant-in-aid program provides these funds to counties based on a historically-designated staffing level established in 1991.

Program Element: Other Probation and Parole Programs

Act 35 of 1991 mandates that a monthly supervision fee be paid by all offenders under state supervision unless a waiver is granted. In addition, Act 35 requires that the sentencing judge of the Court of Common Pleas impose upon county offenders, as a condition of supervision, a monthly supervision fee of at least \$25 unless reduced, waived or deferred. This budget proposes changes in legislation that will enable counties to keep supervision fees rather than transmitting them to the state for distribution back to the counties.

Act 8 of Special Session 1 of 1995 created the Office of Victim Advocate, an independent entity within the board, to represent the interests of crime victims before the board or the Department of Corrections.

Act 24 of 1995, or Megan's Law as it is commonly known, established the Sexual Offenders Assessment Board. This board is responsible for conducting court-ordered assessments of convicted sexual offenders. The assessments are provided to district attorneys to assist in the determination prior to sentencing of those offenders who may be found by the court to be sexually violent predators. Prior to parole considerations, the Board of Probation and Parole requests assessments of Megan's Law offenders unless the court has already requested an assessment. Act 111 of 2011 updated Megan's Law to fully implement the federal Adam Walsh Act of 2006. Under Act 111, all sex offenders are classified into three classes, or tiers, based on the severity of the sex crimes for which they have been convicted. The act also adds additional sex offenses that require registration, therefore increasing the number of individuals whose assessments will ultimately be under the purview of the Sexual Offenders Assessment Board. Under Act 21 of 2003, certain sexually violent adolescent sex offenders are subject to an assessment by the Sexual Offenders Assessment Board upon reaching age 20. The assessment is used by the courts to determine the need for involuntary commitment and treatment of these offenders.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND		Sexual Offenders Assessment Board	
General Government Operations		—Initiative—Megan's Law Update. To provide resources for increased investigations due to passage of Act 111 of 2011.	
\$ -1,050	—nonrecurring 2011-12 budgetary freeze amount.	\$ 365	
871	—Initiative—Enhancement of Parole Supervision Services. To provide resources to supervise increased parolee population.		
427	—Initiative—Megan's Law Update. To provide resources to review current case files to determine registry requirements required by Act 111 of 2011.	\$ -854	
5,073	—to continue current program.		
<u>\$ 5,321</u>	<i>Appropriation Increase</i>		
			Improvement of Adult Probation Services
			—nonrecurring 2011-12 budgetary freeze amount.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 96,847	\$ 104,960	\$ 110,281	\$ 110,011	\$ 110,011	\$ 110,011	\$ 110,011
Sexual Offenders Assessment Board	4,193	4,799	5,164	5,614	5,614	5,614	5,614
Improvement of Adult Probation Services .	17,248	17,076	16,222	16,222	16,222	16,222	16,222
TOTAL GENERAL FUND	\$ 118,288	\$ 126,835	\$ 131,667	\$ 131,847	\$ 131,847	\$ 131,847	\$ 131,847

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Reintegration of the Adult Offender							
Board Parole Process							
Average monthly number of offenders eligible for parole interviews	3,154	3,185	3,215	3,250	3,280	3,315	3,350
Average monthly number of offenders interviewed	1,847	1,870	1,980	1,990	1,995	2,005	2,015
Average monthly percentage of scheduled interviews held	59%	59%	61%	61%	61%	61%	60%
Average monthly number of offenders granted parole or reparole	1,155	1,105	1,215	1,215	1,220	1,225	1,225
Average monthly number of offenders released to parole from state correctional institutions	893	915	1,030	1,035	1,035	1,040	1,040
State Supervision Process							
State parolees and probationers supervised at fiscal year end	34,745	36,700	40,400	41,400	42,000	42,400	42,800
Annual state sentence releases to parole supervision	11,521	11,950	13,450	13,450	13,500	13,550	13,600
Employment rate (percentage) of offenders who are able to work	63%	62%	61%	62%	63%	64%	65%
Successful completions of parole as a percentage of monthly cases closed (revocations or successful completions)	58%	57%	58%	57%	54%	52%	50%
Average monthly percentage of supervised offenders in absconder status	3.20%	3.20%	3.20%	3.10%	3.10%	3.10%	3.10%
Average monthly number of state-sentenced technical parole violators returned to prison	202	230	200	225	260	290	320
Average monthly percentage of state-sentenced technical parole violators returned to prison	0.84%	0.90%	0.75%	0.80%	0.90%	1%	1.10%
Average monthly number of state-sentenced convicted parole violators returned to prison	147	160	175	195	210	220	235
Average monthly percentage of state-sentenced population returned to prison as convicted parole violators	0.61%	0.65%	0.70%	0.70%	0.75%	0.80%	0.85%
One-year recidivism rate	16.90%	18.20%	17.10%	16.80%	18.70%	20.40%	22.10%

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
State Supervision Fee Collection							
Total state supervision fee dollars collected annually	\$3,581,208	\$3,600,000	\$3,500,000	\$3,550,000	\$3,600,000	\$3,600,000	\$3,600,000
Related Program Areas							
Total number of registrations and notifications to registered crime victims	24,443	25,420	26,440	27,495	28,595	29,740	30,930
Total number of sex offender assessments completed	1,968	2,390	2,580	2,990	3,085	3,185	3,285
Probationers and parolees supervised by county probation departments	217,328	221,700	226,100	230,600	235,200	239,900	244,700



PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

The mission of the Public School Employees' Retirement System is to serve the members and stakeholders of the system by providing timely and accurate payment of benefits, maintaining a financially sound system, prudently investing the assets of the system, clearly communicating members' and employers' rights and responsibilities, and effectively managing the resources of the system.

The Public School Employees' Retirement System is responsible for administering the School Employees' Retirement Fund, the School Employees' Health Insurance Fund, and supplemental retirement allowances for annuitants.

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Public School Employees' Retirement System

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
<u>OTHER FUNDS:</u>			
SCHOOL EMPLOYEES' RETIREMENT FUND:			
Administration.....	\$ 43,528	\$ 44,107	\$ 44,144
Directed Commissions.....	0	2,000	2,000
(A)Health Insurance - Administration Reimbursement.....	878	915	959
(A)Health Options - Administration Reimbursement.....	2,673	2,575	2,594
SCHOOL EMPLOYEES' RETIREMENT FUND TOTAL.....	\$ 47,079	\$ 49,597	\$ 49,697

Public School Employees' Retirement System

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
PUBLIC SCHOOL EMPLOYEES' RETIREMENT							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	47,079	49,597	49,697	49,697	49,697	49,697	49,697
SUBCATEGORY TOTAL.....	\$ 47,079	\$ 49,597	\$ 49,697	\$ 49,697	\$ 49,697	\$ 49,697	\$ 49,697
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	47,079	49,597	49,697	49,697	49,697	49,697	49,697
DEPARTMENT TOTAL.....	\$ 47,079	\$ 49,597	\$ 49,697	\$ 49,697	\$ 49,697	\$ 49,697	\$ 49,697

Public School Employees' Retirement System

PROGRAM OBJECTIVE: To provide retirement benefits to public school employees of the Commonwealth of Pennsylvania.

Program: Public School Employees' Retirement

The Public School Employees' Retirement System (PSERS) was established in 1917 to provide retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate include all full-time public school employees and part-time hourly and per diem public school employees who meet certain service requirements in any of the 763 reporting entities in Pennsylvania. The School Employees' Retirement Fund is shown in the Other Special Funds Appendix.

PSERS undergoes an annual independent actuarial valuation to calculate the actuarial assets and liabilities of the pension fund. Based on the actuarial valuation process and legal requirements, the actuary develops the recommended employer contribution rate that determines the employer contributions to the pension plan. The valuation process also measures the progress of the pension system towards funding pensions for its active and retired members. The three major sources of current income are earnings from investments and employer and member contributions.

Act 120 of 2010 enacted many significant changes to the pension system. Act 120 amended the benefit structure for most new employees hired after July 1, 2011 and amended the funding provisions. Key benefit changes include lowering the benefit accrual rate from 2.5 percent of final average salary for each year of service to

2 percent; setting the new employee contribution rate at 10.3 percent if employees elect to accrue service at 2.5 percent for each year of service; increasing the vesting period from 5 years to 10 years; eliminating the option for members to withdraw their contributions; increasing the normal retirement age to age 65 for most employees; and implementing a shared-risk provision that could raise or lower member contribution rates when annual returns over a multi-year period are higher or lower than the rate assumed for PSERS' actuarial valuations. The act also included changes to the funding provisions such as the fresh start of liabilities by re-amortizing existing liabilities and future experience gains and losses over 24 years with level percentage of pay amortization and the implementation of employer contribution rate collars which are limits on the amount of year-over-year increases in the employer contribution rate. The collar is 3 percent for the fiscal year ending 2012, 3.5 percent for the fiscal year ending 2013 and 4.5 percent for all subsequent years. The collars will end when the actuarial calculated rate is below the collared rate.

The Public School Employees' Retirement System is also responsible for the administration of the School Retirees' Health Insurance Fund that provides premium assistance benefits to retirees. The School Retirees' Health Insurance Fund is shown in the Other Special Funds Appendix.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

SCHOOL EMPLOYEES' RETIREMENT FUND
School Employees' Retirement Administration
 \$ 37 —to continue current program.

In addition, \$2,000,000 in Directed Commissions will be used to support this program.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
SCHOOL EMPLOYEES' RETIREMENT FUND:							
Administration.....	\$ 43,528	\$ 44,107	\$ 44,144	\$ 44,144	\$ 44,144	\$ 44,144	\$ 44,144
Directed Commissions.....	0	2,000	2,000	2,000	2,000	2,000	2,000
(A)Health Insurance - Administration Reimbursement	878	915	959	959	959	959	959
(A)Health Options - Administration Reimbursement	2,673	2,575	2,594	2,594	2,594	2,594	2,594
TOTAL SCHOOL EMPLOYEES' RETIREMENT FUND	\$ 47,079	\$ 49,597	\$ 49,697	\$ 49,697	\$ 49,697	\$ 49,697	\$ 49,697

Public School Employees' Retirement System

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Public School Employees' Retirement							
Retirement Counseling Sessions Attendees	10,978	11,500	12,000	11,500	11,000	11,000	11,000
Total number of retired employees (annuitants), beneficiaries, and survivor annuitants	196,355	204,813	213,000	220,900	228,300	234,900	240,900
Total Pension and Healthcare Premium Assistance benefit payments (in billions)	\$5.40	\$5.77	\$6.17	\$6.61	\$7.07	\$7.57	\$8.10



PUBLIC UTILITY COMMISSION

The mission of the Public Utility Commission is to provide for regulation of public utilities and includes establishing reasonable rates; providing for safe service; conducting audits; and ensuring compliance with public utility regulations.

The commission is comprised of five members appointed by the Governor with Senate confirmation.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
(R)General Government Operations.....	\$ 56,003	\$ 58,898	\$ 60,398
(F)Natural Gas Pipeline Safety.....	1,501	1,501	2,819
(F)Motor Carrier Safety.....	1,888	1,888	1,888
(F)ARRA - Electric Regulatory Assistance.....	868	511	150
(F)ARRA - Smart Grid Resiliency Initiative (EA).....	500	224	0
Subtotal - Federal Funds.....	4,757	4,124	4,857
Subtotal - Restricted Revenues.....	56,003	58,898	60,398
Total - General Government.....	<u>\$ 60,760</u>	<u>\$ 63,022</u>	<u>\$ 65,255</u>
FEDERAL FUNDS.....	4,757	4,124	4,857
RESTRICTED REVENUES.....	56,003	58,898	60,398
GENERAL FUND TOTAL.....	<u>\$ 60,760</u>	<u>\$ 63,022</u>	<u>\$ 65,255</u>

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
REGULATION OF PUBLIC UTILITIES							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	4,757	4,124	4,857	4,782	4,782	4,782	4,782
OTHER FUNDS.....	56,003	58,898	60,398	60,398	60,398	60,398	60,398
SUBCATEGORY TOTAL.....	\$ 60,760	\$ 63,022	\$ 65,255	\$ 65,180	\$ 65,180	\$ 65,180	\$ 65,180
ALL PROGRAMS:							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	4,757	4,124	4,857	4,782	4,782	4,782	4,782
OTHER FUNDS.....	56,003	58,898	60,398	60,398	60,398	60,398	60,398
DEPARTMENT TOTAL.....	\$ 60,760	\$ 63,022	\$ 65,255	\$ 65,180	\$ 65,180	\$ 65,180	\$ 65,180

PROGRAM OBJECTIVE: To ensure that safe and adequate public utility services are available to the public at fair and reasonable rates.

Program: Regulation of Public Utilities

The Pennsylvania Public Utility Commission balances the needs of consumers and utilities to ensure safe and reliable utility service at reasonable rates; protect the public interest; educate consumers to make independent and informed utility choices; further economic development; and foster new technologies and competitive markets in an environmentally sound manner.

The commission regulates about 8,000 utilities providing electricity, natural gas, steam heat, water, wastewater collection and disposal, telephone, transportation of passengers and property by train, bus, truck, taxicab and limousine and transmission of gas and oil by pipeline.

The commission is funded by assessments of public utilities. Subject to budgetary approval, the commission may assess up to three-tenths of one percent of gross intrastate revenues to cover the cost of regulation. Public utility assessments and fees are deposited into a restricted account within the General Fund.

During the past 20 years, the number of jurisdictional public utilities has increased, as have the commission's responsibilities and mandated functions. The focus of the commission has expanded from the traditional role of approving the cost-based rates and regulating the service of all public utilities to a broader mandate of also enabling and facilitating competitive markets for the electric, natural gas and telecommunications industries.

The commission continued to experience a steady number of rate requests from electric, natural gas and water companies. The requests reflect the removal of electricity rate caps, established during the advent of electric competition, as well as significant increases in infrastructure investment and inflation-driven costs. Commission approval of mergers and acquisitions is an ongoing process, especially affecting the water and telecommunications industries.

Over the past year, the commission expended significant resources on the continued implementation of Act 129 of 2008, which requires Pennsylvania's seven largest electric distribution companies to develop energy efficiency and conservation plans and use other methods of reducing the amount of electricity consumed by residential and business consumers. The act mandated an overall 1 percent reduction in consumption by 2011 and a 3 percent reduction in consumption by 2013. It also requires a 4.5 percent reduction in peak demand by 2013. The commission has the responsibility to implement the act by reviewing and approving energy efficiency and conservation programs; smart meter technology deployment plans; time of use rates; real-time pricing plans; and default service procurement plans and results.

The commission also continues to implement other major laws:

Act 201 of 2004 established specific standards and procedures for payment arrangements, customer deposits, and termination of electric, natural gas and water service. The commission has issued numerous orders interpreting and implementing the law and is currently working to revise relevant regulations; biennial reports on this activity are submitted to the General Assembly.

Act 213 of 2004 established Alternative Energy Portfolio Standards, requiring electric distribution companies and generation suppliers to include electricity generated from alternative energy resources in their sales to retail customers. The commission has issued standards related to net metering, interconnection and demand side management, and is working with stakeholders and the Department of Environmental Protection to effectively carry out this law. The commission has contracted with an alternative energy credit program administrator as part of the implementation.

Act 183 of 2004 addressed the obligations of telecommunication public utilities by continuing existing network modernization plans and providing incentives for acceleration of the deployment of high-speed internet service, while reducing filing and reporting requirements for the Incumbent Local Exchange Carriers.

The Federal Energy Policy Act of 2005 established a number of new federal mandates that state regulators are required to consider and potentially implement. These include standardizations for connecting electric generation facilities with the utility, compensation of retail customers for generated electricity sold back to the utility and policies concerning reduction or shifting of consumption from peak periods.

The commission has adopted default service regulations for electric providers and is exploring means to mitigate electric price increases when rate caps expire. In conjunction with those efforts, the commission is examining methods for enhancing consumer access to demand side response tools and energy conservation programs.

Act 127 of 2011 empowered the Commission to enforce Federal pipeline safety laws as they relate to non-public utility gas and hazardous liquids pipeline equipment and facilities within the Commonwealth of Pennsylvania. The Pipeline Act enables the Commission to fund an increase in its complement of pipeline safety inspectors by assessments to be paid by Pennsylvania pipeline operators.

Program: Regulation of Public Utilities (continued)

The commission has established the following goals for 2012-13 and future years:

- To ensure that necessary utility service is available to all residents of Pennsylvania.
- To foster development of competitive markets in the electric, telecommunications and natural gas industries.
- To promptly and effectively address anti-competitive activity by jurisdictional utilities or licensed competitive suppliers.
- To promote greater public awareness and understanding of the public utility industry and how it affects customers.
- To establish policies that will encourage the public utilities to operate in the most environmentally compatible, safe, fair, and cost-effective manner.
- To encourage and coordinate the upgrade of Pennsylvania's water delivery and wastewater systems.
- To contribute to the economic development of Pennsylvania.
- To support Pennsylvania's environmental initiatives, particularly with respect to alternative energy portfolio standards, and energy efficiency and demand side response programs.
- To complete the deployment of the Information Management and Access Project (InfoMAP) that is comprised of technology enhancements upgrading the case management system to improve internal efficiencies, permit electronic filings and provide easier public access to information.
- To maintain policies and procedures for recruiting and retaining an efficient, diverse and well-trained Commission staff in order to enhance performance and promote timely, consistent, well-reasoned regulatory decisions.
- To provide the Pennsylvania General Assembly and the Congress with utility policy recommendations promoting the interest of Pennsylvania consumers in state and federal regulatory forums.

Program Recommendations:

This budget recommends the following changes in appropriations from restricted accounts: (Dollar Amounts in Thousands)

GENERAL FUND
General Government Operations
 \$ 1,500 —to enforce pipeline safety in accordance with Act 127 of 2011.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 56,003	\$ 58,898	\$ 60,398	\$ 60,398	\$ 60,398	\$ 60,398	\$ 60,398

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Regulation of Public Utilities							
Utilities Regulated							
Fixed utilities:							
Electric distribution	16	16	16	16	16	16	16
Electric generation	216	226	236	241	246	250	250
Transportation	7,469	7,600	7,600	7,600	7,600	7,600	7,600
Rate requests received:							
Fixed utilities - Rate Requests	60	60	60	60	60	60	60
Rate cases completed:							
Fixed utilities - Rate Cases Completed	35	40	40	40	40	40	40
Audits conducted - Fixed utilities:							
Special	39	37	37	37	37	37	37
Management	15	14	11	11	8	8	8
Audits conducted - Enforcement/investigations:							
Gas Safety	1,360	1,350	1,500	1,500	1,500	1,500	1,500
Audits conducted - Transportation:							
Rail safety	3,089	3,150	3,150	3,150	3,150	3,150	3,150
Motor safety	14,871	15,000	15,500	16,000	16,000	16,000	16,000
Consumer Services							
Fixed utilities:							
Complaints received, investigated and resolved	96,000	117,500	112,500	112,500	112,500	112,500	112,500
Electric Deregulation:							
Homes eligible to participate (thousands)	5,032	5,061	5,090	5,110	5,150	5,150	5,150
Businesses eligible to participate (thousands)	681	688	695	702	709	713	720

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DEPARTMENT OF PUBLIC WELFARE

The mission of the Department of Public Welfare is to promote, improve and sustain the quality of family life, break the cycle of dependency and protect and serve Pennsylvania's most vulnerable citizens.

This mission is accomplished by promoting the financial independence of clients through a range of services including employment and training, work support, child care, medical assistance and transportation. The mission is also accomplished by providing community living arrangements for those in need of assistance with activities of daily living and, when necessary, through institutional care and treatment in settings that are responsive to human needs.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 56,303	\$ 59,893	\$ 60,156
(F)Child Welfare Services - Administration.....	1,039	1,072	1,039
(F)Child Welfare - Title IV-E - Administration.....	5,625	5,021	5,388
(F)CCDFBG - Administration.....	13,480	13,754	14,189
(F)Medical Assistance - Administration.....	26,151	24,348	26,925
(F)TANFBG - Administration.....	4,620	4,980	4,411
(F)Food Stamps - Administration.....	4,782	5,158	6,153
(F)Developmental Disabilities - Basic Support.....	4,058	4,058	4,058
(F)Refugees and Persons Seeking Asylum - Administration.....	1,680	1,674	1,674
(F)Disabled Education - Administration.....	0	1,024	882
(F)MHSBG - Administration.....	273	273	273
(F)SSBG - Administration.....	3,641	3,641	3,641
(F)Community Based Family Resource and Support-Administration.....	689	689	689
(F)MCHSBG - Administration.....	0	208	161
(F)Medical Assistance Infrastructure.....	8,300	5,600	4,187
(F)ARRA - Early Learning Council.....	1,025	1,900	0
(F)ARRA - Early Headstart.....	1,346	1,355	0
(F)Early Head Start Expansion Program.....	0	662	1,400
(F)Mass Care Planning (EA).....	300	205	0
(A)Training Reimbursement.....	457	457	457
(A)Child Abuse Reviews.....	5,440	5,100	5,304
(A)Miscellaneous Reimbursements.....	19	30	15
(A)Adam Walsh Clearance.....	142	280	195
Subtotal.....	<u>\$ 139,370</u>	<u>\$ 141,382</u>	<u>\$ 141,197</u>
Information Systems.....	46,318	44,631	45,968
(F)Medical Assistance - Information Systems.....	78,731	69,694	66,926
(F)Child Welfare - Title IV-E - Information Systems.....	787	1,441	1,357
(F)TANFBG - Information Systems.....	9,186	9,327	9,235
(F)Food Stamps - Information Systems.....	19,508	13,712	13,883
(F)Child Support Enforcement - Information Systems.....	10,568	10,560	10,619
(F)COMPASS Support - Food Nutrition Services (EA).....	730	0	0
(F)ARRA - Early Intervention Data System (EA).....	2,500	0	0
(A)Medical Data Exchange.....	52	50	50
(A)DOI - COMPASS Support - CHIP & Adult Basic.....	574	50	50
Subtotal.....	<u>\$ 168,954</u>	<u>\$ 149,465</u>	<u>\$ 148,088</u>
County Administration - Statewide.....	38,269	32,793	32,793
(F)TANFBG - Statewide.....	647	2,150	1,993
(F)Medical Assistance - Statewide.....	41,209	36,950	37,815
(F)Food Stamps - Statewide.....	39,460	37,914	34,080
(F)ARRA - Health Information Technology.....	3,182	14,940	14,934
(F)Ryan White - Statewide.....	678	753	753
(F)CHIPRA - Statewide.....	2,781	3,444	3,444
(A)Fee for Material from Outside Vendors.....	2	5	5
(A)Food Stamps - Retained Collections.....	1,733	1,780	1,780
Subtotal.....	<u>\$ 127,961</u>	<u>\$ 130,729</u>	<u>\$ 127,597</u>
County Assistance Offices.....	268,837	259,326^a	259,970
(F)TANFBG - County Assistance Offices.....	37,270	64,190	55,799
(F)Medical Assistance - County Assistance Offices.....	96,342	87,580	84,662
(F)Food Stamps - County Assistance Offices.....	92,057	97,937	95,749
(F)ARRA - Food Stamps - County Assistance Offices.....	3,966	0	0
(F)SSBG - County Assistance Offices.....	6,262	6,262	6,262
(F)LIHEABG - Administration.....	22,000	22,000	22,000
(F)Summer 2011 Storm Disaster-Ind & Family Assistance Adm (EA).....	0	1,575	0
(A)Miscellaneous Reimbursements.....	0	1	0
Subtotal.....	<u>\$ 526,734</u>	<u>\$ 538,871</u>	<u>\$ 524,442</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
Child Support Enforcement	14,424	13,796	13,796
(F)Child Support Enforcement - Title IV - D.....	146,650	153,697	153,678
(F)ARRA - Child Support Enforcement - Title IV-D.....	8,590	0	0
(A)Title IV - D Incentive Collections.....	4,852	10,505	14,909
(A)State Retained Support Collections.....	1,186	1,269	1,269
Subtotal.....	\$ 175,702	\$ 179,267	\$ 183,652
New Directions	32,473	17,183	17,183
(F)TANFBG - New Directions.....	150,646	124,554 ^b	124,554
(F)Medical Assistance - New Directions.....	5,337	4,450	4,450
(F)Food Stamps - New Directions.....	11,435	11,129	11,129
Subtotal.....	\$ 199,891	\$ 157,316	\$ 157,316
Subtotal - State Funds.....	\$ 456,624	\$ 427,622	\$ 429,866
Subtotal - Federal Funds.....	867,531	849,881	828,392
Subtotal - Augmentations.....	14,457	19,527	24,034
Total - General Government.....	\$ 1,338,612	\$ 1,297,030	\$ 1,282,292
Institutional:			
Youth Development Institutions and Forestry Camps	\$ 77,294	\$ 71,827^c	\$ 72,432
(F)SSBG - Basic Institutional Programs.....	10,000	10,000	10,000
(F)Food Nutrition Services.....	975	975	800
(A)Institutional Reimbursements.....	10	42	15
Subtotal.....	\$ 88,279	\$ 82,844	\$ 83,247
Mental Health Services	681,786	717,213	166,819^d
(F)Medical Assistance - Mental Health.....	203,598	208,109	185,591
(F)ARRA - Medical Assistance - Mental Health Services.....	6,000	0	0
(F)Medicare Services - State Mental Hospitals.....	49,064	26,664	26,994
(F)Homeless Mentally Ill.....	2,487	2,496	2,496
(F)MH SBG - Community Mental Health Services.....	14,540	14,213	0
(F)SSBG - Community Mental Health Services.....	10,366	10,366	0
(F)Renewable Resource Program.....	150	150	0
(F)Mental Health Transformation Grant.....	750	750	750
(F)Suicide Prevention.....	420	500	514
(F)Mental Health Data Infrastructure.....	423	169	169
(F)Jail Diversion & Trauma Recovery.....	394	414	494
(F)Child Mental Health Initiative.....	2,500	2,600	3,500
(F)Bioterrorism Hospital Preparedness (EA).....	0	250	250
(F)Summer 2011 Storm Disaster - Crisis Counseling Services (EA).....	0	598	598
(F)Crisis Counseling (EA).....	296	296	0
(F)Justice & Mental Health Collaboration Program.....	0	200	189
(F)Systems of Care Expansion Planning Grant.....	0	797	797
(A)Institutional Collections.....	8,546	7,884	7,884
(A)Miscellaneous Institutional Reimbursements.....	1,891	1,565	1,565
Subtotal.....	\$ 983,211	\$ 995,234	\$ 398,610
Intellectual Disabilities - State Centers	80,427	106,310	109,878
(F)Medical Assistance - State Centers.....	151,424	166,161	164,994
(F)ARRA - Medical Assistance - State Centers.....	27,523	0	0
(F)Medicare Services - State Centers.....	645	756	669
(A)Institutional Collections - State Centers.....	10,809	10,360	10,295
(A)Institutional Reimbursements.....	38	0	0
(A)Embreeville Rents.....	52	0	0
(A)ID Assessment - State Centers.....	16,376	17,484	17,856
Subtotal.....	\$ 287,294	\$ 301,071	\$ 303,692

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
Subtotal - State Funds.....	\$ 839,507	\$ 895,350	\$ 349,129
Subtotal - Federal Funds.....	481,555	446,464	398,805
Subtotal - Augmentations.....	37,722	37,335	37,615
Total - Institutional.....	\$ 1,358,784	\$ 1,379,149	\$ 785,549
Grants and Subsidies:			
Cash Grants.....	\$ 270,195	\$ 220,356^e	\$ 66,426
(F)TANFBG - Cash Grants.....	263,176	318,002 ^f	322,679
(F)Other Federal Support - Cash Grants.....	28,794	33,551	33,551
(F)ARRA - TANFBG - Cash Grants.....	37,057	0	0
(F)LIHEABG - Low-Income Families and Individuals.....	320,000	320,000	320,000
(F)Refugees and Persons Seeking Asylum - Social Services.....	0	9,785	9,785
(F)Summer 2011 Storm Disaster-Individual & Family Assist (EA).....	0	31,500	0
(A)AmeriGas Settlement.....	67	194	0
Subtotal.....	\$ 919,289	\$ 933,388	\$ 752,441
Supplemental Grants - Aged, Blind and Disabled.....	145,767	150,029	153,450
Payment to Federal Government - Medicare Drug Program.....	209,952	473,612^g	521,035
Medical Assistance - Outpatient.....	467,929	645,095^h	506,677^d
(F)Medical Assistance - Outpatient.....	1,165,384	1,246,801	999,248
(F)ARRA - Medical Assistance - Outpatient.....	204,866	0	0
(A)Hospital Assessment.....	121,433	131,374	131,374
(A)Statewide Hospital Assessment.....	4,495	5,219	5,311
(A)Miscellaneous Outpatient Grants.....	5	0	0
Subtotal.....	\$ 1,964,112	\$ 2,028,489	\$ 1,642,610
Medical Assistance - Inpatient.....	243,809	325,685ⁱ	275,208
(F)Medical Assistance - Inpatient.....	955,601	1,018,064	769,313
(F)ARRA - Medical Assistance - Inpatient.....	102,514	0	0
(F)ARRA - MA - Health Information Technology.....	38,800	344,738	118,495
(A)Statewide Hospital Assessment.....	333,547	374,062	370,479
Subtotal.....	\$ 1,674,271	\$ 2,062,549	\$ 1,533,495
Medical Assistance - Capitation.....	2,478,449	3,330,457^j	3,667,626
(F)Medical Assistance - Capitation.....	5,297,749	5,210,745	5,269,755
(F)ARRA - Medical Assistance - Capitation.....	805,813	0	0
(F)Asthma Control Program (EA).....	103	62	0
(A)Managed Care Assessment.....	6,758	0	0
(A)Medicaid Managed Care Gross Receipt Tax.....	582,008	612,647	631,087
(A)Statewide Hospital Assessment.....	159,263	212,716	216,207
(A)CHCS Red Disp P Site.....	121	0	0
Subtotal.....	\$ 9,330,264	\$ 9,366,627	\$ 9,784,675
Medical Assistance - Obstetric and Neonatal Services.....	4,815	3,681	3,313
(F)Medical Assistance - Obstetric and Neonatal Services.....	6,157	5,445	4,370
Subtotal.....	\$ 10,972	\$ 9,126	\$ 7,683
Long-Term Care.....	728,907	740,203^k	741,484
(F)Medical Assistance - Long-Term Care.....	2,346,646	2,044,507	2,034,495
(F)ARRA - Medical Assistance - Long-Term Care.....	366,949	0	0
(A)Intergovernmental Transfer.....	38,187	29,553	13,440
(A)Nursing Home Assessment.....	305,660	434,130	434,130
Subtotal.....	\$ 3,786,349	\$ 3,248,393	\$ 3,223,549

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
Home and Community - Based Services	0	160,384	157,460
(F)Medical Assistance - Home and Community-Based Services.....	0	207,704	188,345
Subtotal.....	\$ 0	\$ 368,088	\$ 345,805
Long-Term Care Managed Care	0	65,027	83,001
(F)Medical Assistance - Long-Term Care Managed Care.....	0	88,601	99,266
Subtotal.....	\$ 0	\$ 153,628	\$ 182,267
Hospital Based Burn Centers	4,946	3,782	3,404
(F)Medical Assistance - Hospital-Based Burn Centers.....	6,325	5,594	4,490
Subtotal.....	\$ 11,271	\$ 9,376	\$ 7,894
Medical Assistance - Critical Access Hospitals	4,677	3,576	3,218
(F)Medical Assistance - Critical Access Hospitals.....	5,980	5,290	4,246
Subtotal.....	\$ 10,657	\$ 8,866	\$ 7,464
Trauma Centers	11,322	8,656	7,790
(F)Medical Assistance - Trauma Centers.....	14,355	12,805	10,277
Subtotal.....	\$ 25,677	\$ 21,461	\$ 18,067
Medical Assistance - State-Related Academic Medical Centers	18,871	12,618	11,356
(F)Medical Assistance - State-Related Academic Medical Centers.....	25,050	15,555	13,590
Subtotal.....	\$ 43,921	\$ 28,173	\$ 24,946
Medical Assistance - Physician Practice Plans	9,721	6,437	5,793
(F)Medical Assistance - Physician Practice Plans.....	15,942	7,935	6,933
(F)ARRA - Medical Assistance - Physician Practice Plans.....	3,153	0	0
Subtotal.....	\$ 28,816	\$ 14,372	\$ 12,726
Medical Assistance - Transportation	69,528	69,221 ^m	74,799
(F)Medical Assistance - Transportation.....	75,955	67,038 ⁿ	71,926
(F)ARRA - Medical Assistance - Transportation.....	4,218	0	0
Subtotal.....	\$ 149,701	\$ 136,259	\$ 146,725
Expanded Medical Services for Women	4,566	4,794	5,044
(F)TANFBG - Alternatives to Abortion.....	1,000	1,000	1,000
Subtotal.....	\$ 5,566	\$ 5,794	\$ 6,044
AIDS Special Pharmaceutical Services	16,267	10,267	10,267
(F)AIDS - Ryan White.....	30,560	32,534	34,534
(A)AIDS - Pharmacy Rebates.....	13,724	13,116	18,878
Subtotal.....	\$ 60,551	\$ 55,917	\$ 63,679
Special Pharmaceutical Services	2,346	2,506 ^o	2,017
Behavioral Health Services	52,220	47,908	0 ^d
Intellectual Disabilities - Intermediate Care Facilities	110,444	143,803	143,005
(F)Medical Assistance - ID/ICF.....	200,524	199,811 ^p	195,911
(F)ARRA - Medical Assistance - ID/ICF.....	33,053	0	0
(A)ID Assessment - ID/ICF.....	17,871	19,052	19,800
Subtotal.....	\$ 361,892	\$ 362,666	\$ 358,716

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
Intellectual Disabilities - Community Base Program	155,958	166,520	20,746 ^d
(F)Medical Assistance - Community ID Services.....	57,674	57,960 ^q	27,387
(F)ARRA - Medical Assistance - Community ID Base.....	1,862	0	0
(F)SSBG - Community ID Services.....	6,500	6,500	0
Subtotal.....	<u>\$ 221,994</u>	<u>\$ 230,980</u>	<u>\$ 48,133</u>
Intellectual Disabilities - Community Waiver Program	672,376	854,863	871,085
(F)Medical Assistance - Community ID Waiver Program.....	955,580	949,606	951,969
(F)ARRA - Medical Assistance - Community ID Waiver.....	153,245	0	0
(A)Intergovernmental Transfer.....	30,000	0	0
Subtotal.....	<u>\$ 1,811,201</u>	<u>\$ 1,804,469</u>	<u>\$ 1,823,054</u>
Early Intervention	96,452	106,429 ^r	119,788
(F)Medical Assistance - Early Intervention.....	49,030	53,231 ^s	58,276
(F)ARRA - Medical Assistance - Early Intervention.....	8,765	0	0
(F)Education for Children with Disabilities-Early Intervention.....	12,988	11,964	11,964
(F)ARRA-Educ. for Children with Disabilities-Early Intervention.....	16,118	10,574	0
Subtotal.....	<u>\$ 183,353</u>	<u>\$ 182,198</u>	<u>\$ 190,028</u>
Autism Intervention and Services	10,503	13,549	12,761
(F)Medical Assistance - Autism Intervention Services.....	20,687	15,701	12,208
(F)ARRA - Medical Assistance - Autism Intervention and Services.....	1,794	0	0
Subtotal.....	<u>\$ 32,984</u>	<u>\$ 29,250</u>	<u>\$ 24,969</u>
Intellectual Disabilities - Lansdowne Residential Services	390	358	340
County Child Welfare	1,036,740	1,000,475	995,895 ^d
(F)Child Welfare Services.....	14,372	14,372	14,372
(F)Child Welfare - Title IV-E.....	313,240	306,140 ^t	297,965
(F)ARRA - Child Welfare Title IV - E.....	20,200	0	0
(F)Medical Assistance - Child Welfare.....	843	1,411	1,411
(F)TANFBG - Child Welfare.....	56,883	58,508	58,508
(F)SSBG - Child Welfare.....	12,021	12,021	12,021
(F)Child Welfare Training and Certification.....	13,319	13,319	13,319
(F)Community Based Family Resource and Support.....	134	134	134
(F)Child Abuse Prevention and Treatment.....	2,100	2,100	2,100
(F)Title IV B - Caseworker Visits.....	1,400	1,400	1,400
(F)Children's Justice Act.....	0	571 ^u	0
(F)DFSC-Juvenile Aftercare Services (EA).....	118	118	0
(A)Casey Family Project (EA).....	162	0	0
Subtotal.....	<u>\$ 1,471,532</u>	<u>\$ 1,410,569</u>	<u>\$ 1,397,125</u>
Community Based Family Centers	6,258	3,258	3,258
(F)Family Preservation - Family Centers.....	7,009	7,009	7,009
(F)Family Resource and Support - Family Centers.....	480	480	480
(F)Title IV-B - Family Centers.....	1,253	1,253	1,253
Subtotal.....	<u>\$ 15,000</u>	<u>\$ 12,000</u>	<u>\$ 12,000</u>
Child Care Services	171,720	154,265	145,369
(F)CCDFBG - Child Care Services.....	181,735	194,967	190,067
(F)ARRA - CCDFBG - Child Care Services.....	29,093	11,200	0
(F)CCDFBG - School Age.....	1,260	1,260	1,260
(F)SSBG - Child Care Services.....	30,977	30,977	30,977
(F)Head Start Collaboration Project.....	225	225	225
Subtotal.....	<u>\$ 415,010</u>	<u>\$ 392,894</u>	<u>\$ 367,898</u>
Child Care Assistance	189,582	164,435 ^v	156,728
(F)TANFBG - Child Care Assistance.....	31,686	31,686	31,686

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
(F)CCDFBG - Child Care Assistance.....	153,596	149,596	145,996
(F)Food Stamps - Child Care Assistance.....	15,915	15,915	14,389
(A)Early Childhood Education Revenue.....	3,789	4,000	4,000
Subtotal.....	\$ 394,568	\$ 365,632	\$ 352,799
Nurse Family Partnership.....	11,978	11,978	11,978
(F)Medical Assistance - Nurse Family Partnership.....	2,544	2,544	2,544
(F)MCHSBG - Early Childhood Home Visiting.....	2,100	5,176	5,176
Subtotal.....	\$ 16,622	\$ 19,698	\$ 19,698
Domestic Violence.....	12,261	12,261	12,261
(F)Family Violence Prevention Services.....	3,000	3,000	3,000
(F)SSBG - Domestic Violence Programs.....	5,705	5,705	5,705
(F)PHHSBG - Domestic Violence.....	150	150	150
(F)Date Violence Prevention (EA).....	223	19	19
(A)Marriage Law Fees.....	833	833	833
Subtotal.....	\$ 22,172	\$ 21,968	\$ 21,968
Rape Crisis.....	7,016	7,016	7,016
(F)SSBG - Rape Crisis.....	1,721	1,721	1,721
Subtotal.....	\$ 8,737	\$ 8,737	\$ 8,737
Breast Cancer Screening.....	1,623	1,623	1,623
(F)SSBG - Family Planning.....	2,000	2,000	2,000
Subtotal.....	\$ 3,623	\$ 3,623	\$ 3,623
Human Services Development Fund.....	23,243	14,956	673,695 d
(F)Refugees and Persons Seeking Asylum - Social Services.....	9,785	0	0
(F)Medical Assistance - Human Services Development Fund.....	0	0	42,483
(F)SSBG - Human Services Development Fund.....	0	0	22,000
(F)SABG - Human Services Development Fund.....	0	0	1,983
(F)MHSBG - Human Services Development Fund.....	0	0	14,286
(F)Crisis Counseling - Human Services Development Fund (EA).....	0	0	296
Subtotal.....	\$ 33,028	\$ 14,956	\$ 754,743
Legal Services.....	3,009	2,735	2,461
(F)SSBG - Legal Services.....	5,049	5,049	5,049
Subtotal.....	\$ 8,058	\$ 7,784	\$ 7,510
Homeless Assistance.....	22,606	20,551	0 d
(F)SSBG - Homeless Services.....	4,183	4,183	0
(F)SABG - Homeless Services.....	1,983	1,983	0
Subtotal.....	\$ 28,772	\$ 26,717	\$ 0
Services to Persons with Disabilities.....	115,635	147,434 w	140,867
(F)Medical Assistance - Services to Persons with Disabilities.....	182,929	179,695 x	168,856
(F)ARRA-Medical Assistance-Svcs to Persons w Disabilities.....	28,587	0	0
Subtotal.....	\$ 327,151	\$ 327,129	\$ 309,723
Attendant Care.....	97,869	95,401 y	90,348
(F)Medical Assistance - Attendant Care.....	99,723	81,516	71,527
(F)ARRA - Medical Assistance - Attendant Care.....	14,178	0	0
(A)Attendant Care Parking Fines.....	103	103	103
(A)Attendant Care Patient Fee.....	945	875	875
Subtotal.....	\$ 212,818	\$ 177,895	\$ 162,853

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
Medical Assistance - Workers with Disabilities	1,600	30,372^z	42,463
(F)Medical Assistance - Workers with Disabilities.....	3,200	37,380 ^{aa}	50,750
Subtotal.....	<u>\$ 4,800</u>	<u>\$ 67,752</u>	<u>\$ 93,213</u>
Facilities and Service Enhancements	1,757	0	0
Acute Care Hospitals	4,599	0	0
Health Care Clinics	2,452	1,000	900
Subtotal - State Funds.....	\$ 7,500,358	\$ 9,237,576	\$ 9,751,955
Subtotal - Federal Funds.....	14,894,886	13,517,386	12,796,130
Subtotal - Augmentations.....	1,618,971	1,837,874	1,846,517
Total - Grants and Subsidies.....	<u>\$ 24,014,215</u>	<u>\$ 24,592,836</u>	<u>\$ 24,394,602</u>
STATE FUNDS.....	\$ 8,796,489	\$ 10,560,548	\$ 10,530,950
FEDERAL FUNDS.....	16,243,972	14,813,731	14,023,327
AUGMENTATIONS.....	1,671,150	1,894,736	1,908,166
GENERAL FUND TOTAL	<u>\$ 26,711,611</u>	<u>\$ 27,269,015</u>	<u>\$ 26,462,443</u>
LOTTERY FUND:			
<i>Grants and Subsidies:</i>			
Medical Assistance - Long-Term Care.....	<u>\$ 178,438</u>	<u>\$ 178,438</u>	<u>\$ 250,000</u>
TOBACCO SETTLEMENT FUND:			
<i>Grants and Subsidies:</i>			
Medical Care for Workers with Disabilities (EA)	<u>\$ 51,849</u>	<u>\$ 62,007</u>	<u>\$ 62,222</u>
(F)Medical Assistance - Workers with Disabilities (EA).....	90,165	76,440	74,462
(F)ARRA - Medical Assistance - Workers with Disabilities (EA).....	17,827	0	0
Subtotal.....	<u>\$ 159,841</u>	<u>\$ 138,447</u>	<u>\$ 136,684</u>
Uncompensated Care (EA)	<u>32,685</u>	<u>25,348</u>	<u>25,437</u>
(F)Medical Assistance - Uncompensated Care (EA).....	40,653	31,248	30,200
Subtotal.....	<u>\$ 73,338</u>	<u>\$ 56,596</u>	<u>\$ 55,637</u>
Home and Community-Based Services (EA)	<u>18,973</u>	<u>9,396</u>	<u>8,241</u>
(F)Medical Assistance - Community Services (EA).....	31,298	11,583	9,982
(F)ARRA - Medical Assistance - Community Services (EA).....	6,190	0	0
Subtotal.....	<u>\$ 56,461</u>	<u>\$ 20,979</u>	<u>\$ 18,223</u>
Medical Assistance - Long-Term Care	<u>103,599</u>	<u>162,583</u>	<u>161,765</u>
Subtotal - State Funds.....	\$ 207,106	\$ 259,334	\$ 257,665
Subtotal - Federal Funds.....	186,133	119,271	114,644
Total - Grants and Subsidies.....	<u>\$ 393,239</u>	<u>\$ 378,605</u>	<u>\$ 372,309</u>
STATE FUNDS.....	\$ 207,106	\$ 259,334	\$ 257,665
FEDERAL FUNDS.....	186,133	119,271	114,644
TOBACCO SETTLEMENT FUND TOTAL	<u>\$ 393,239</u>	<u>\$ 378,605</u>	<u>\$ 372,309</u>
OTHER FUNDS:			
CHILDREN'S TRUST FUND:			
Children's Trust Fund (EA).....	<u>\$ 1,300</u>	<u>\$ 1,300</u>	<u>\$ 1,300</u>

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
ENERGY CONSERVATION AND ASSISTANCE FUND:			
Low Income Energy Assistance.....	\$ 0	\$ 0	\$ 8
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 8,796,489	\$ 10,560,548	\$ 10,530,950
SPECIAL FUNDS.....	385,544	437,772	507,665
FEDERAL FUNDS.....	16,430,105	14,933,002	14,137,971
AUGMENTATIONS.....	1,671,150	1,894,736	1,908,166
OTHER FUNDS.....	1,300	1,300	1,308
TOTAL ALL FUNDS.....	\$ 27,284,588	\$ 27,827,358	\$ 27,086,060

^a Reflects recommended appropriation reduction of \$3,144,000.

^b Includes recommended supplemental appropriation of \$267,000.

^c Reflects recommended appropriation reduction of \$914,000.

^d This program, or components of this program, are proposed to become part of the Human Services Development Fund Block Grant Initiative to provide local governments with increase flexibility to address local needs.

^e Reflects recommended appropriation reduction of \$13,705,000.

^f Includes recommended supplemental appropriation of \$34,292,000.

^g Reflects recommended appropriation reduction of \$6,917,000.

^h Reflects recommended appropriation reduction of \$3,270,000.

ⁱ Reflects recommended appropriation reduction of \$39,166,000.

^j Includes recommended supplemental appropriation of \$58,892,000.

^k Includes recommended supplemental appropriation of \$9,988,000.

^l Reflects recommended appropriation reduction of \$6,845,000.

^m Includes recommended supplemental appropriation of \$4,000,000.

ⁿ Includes recommended supplemental appropriation of \$4,038,000.

^o Reflects recommended appropriation reduction of \$1,112,000.

^p Includes recommended supplemental appropriation of \$881,000.

^q Includes recommended supplemental appropriation of \$566,000.

^r Reflects recommended appropriation reduction of \$6,497,000.

^s Includes recommended supplemental appropriation of \$1,931,000.

^t Includes recommended supplemental appropriation of \$2,175,000.

^u Includes recommended supplemental appropriation of \$571,000.

^v Reflects recommended appropriation reduction of \$7,554,000.

^w Includes recommended supplemental appropriation of \$11,762,000.

^x Includes recommended supplemental appropriation of \$14,978,000.

^y Reflects recommended appropriation reduction of \$8,062,000.

^z Includes recommended supplemental appropriation of \$12,544,000.

^{aa} Includes recommended supplemental appropriation of \$15,410,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
HUMAN SERVICES SUPPORT							
GENERAL FUND.....	\$ 102,621	\$ 104,524	\$ 106,124	\$ 106,124	\$ 106,124	\$ 106,124	\$ 106,124
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	199,019	180,356	177,090	177,090	177,090	177,090	177,090
OTHER FUNDS.....	6,684	5,967	6,071	6,071	6,071	6,071	6,071
SUBCATEGORY TOTAL.....	\$ 308,324	\$ 290,847	\$ 289,285	\$ 289,285	\$ 289,285	\$ 289,285	\$ 289,285
MEDICAL ASSISTANCE							
GENERAL FUND.....	\$ 3,555,849	\$ 4,931,759	\$ 5,140,910	\$ 5,255,807	\$ 5,474,438	\$ 5,704,245	\$ 5,997,598
SPECIAL FUNDS.....	84,534	87,355	87,659	87,659	87,659	87,659	87,659
FEDERAL FUNDS.....	8,911,370	8,118,674	7,463,589	7,730,048	8,012,908	8,307,876	8,615,486
OTHER FUNDS.....	1,221,354	1,349,134	1,373,336	1,432,646	1,487,043	1,535,093	1,585,545
SUBCATEGORY TOTAL.....	\$ 13,773,107	\$ 14,486,922	\$ 14,065,494	\$ 14,506,160	\$ 15,062,048	\$ 15,634,873	\$ 16,286,288
LONG TERM LIVING							
GENERAL FUND.....	\$ 942,411	\$ 1,208,449	\$ 1,213,160	\$ 1,298,553	\$ 1,450,595	\$ 1,628,833	\$ 1,837,782
SPECIAL FUNDS.....	301,010	350,417	420,006	395,006	370,006	370,006	370,006
FEDERAL FUNDS.....	3,076,500	2,613,606	2,572,471	2,574,060	2,586,675	2,599,366	2,612,134
OTHER FUNDS.....	344,895	464,661	448,548	448,548	448,548	448,548	448,548
SUBCATEGORY TOTAL.....	\$ 4,664,816	\$ 4,637,133	\$ 4,654,185	\$ 4,716,167	\$ 4,855,824	\$ 5,046,753	\$ 5,268,470
INCOME MAINTENANCE							
GENERAL FUND.....	\$ 769,965	\$ 693,483	\$ 543,618	\$ 543,618	\$ 543,618	\$ 543,618	\$ 543,618
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,317,539	1,382,363	1,337,317	1,337,317	1,337,317	1,337,317	1,337,317
OTHER FUNDS.....	7,840	13,754	17,971	17,971	17,971	17,971	17,971
SUBCATEGORY TOTAL.....	\$ 2,095,344	\$ 2,089,600	\$ 1,898,906	\$ 1,898,906	\$ 1,898,906	\$ 1,898,906	\$ 1,898,906
MENTAL HEALTH							
GENERAL FUND.....	\$ 734,006	\$ 765,121	\$ 166,819	\$ 166,819	\$ 166,819	\$ 166,819	\$ 166,819
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	290,988	268,572	222,342	221,494	221,494	221,494	221,494
OTHER FUNDS.....	10,437	9,449	9,449	9,449	9,449	9,449	9,449
SUBCATEGORY TOTAL.....	\$ 1,035,431	\$ 1,043,142	\$ 398,610	\$ 397,762	\$ 397,762	\$ 397,762	\$ 397,762
INTELLECTUAL DISABILITIES							
GENERAL FUND.....	\$ 1,030,098	\$ 1,285,403	\$ 1,157,815	\$ 1,157,815	\$ 1,157,815	\$ 1,157,815	\$ 1,157,815
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,610,511	1,396,495	1,353,138	1,353,138	1,353,138	1,353,138	1,353,138
OTHER FUNDS.....	75,146	46,896	47,951	47,951	47,951	47,951	47,951
SUBCATEGORY TOTAL.....	\$ 2,715,755	\$ 2,728,794	\$ 2,558,904	\$ 2,558,904	\$ 2,558,904	\$ 2,558,904	\$ 2,558,904

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
HUMAN SERVICES							
GENERAL FUND.....	\$ 1,185,549	\$ 1,131,444	\$ 1,765,383	\$ 1,765,383	\$ 1,765,383	\$ 1,765,383	\$ 1,765,383
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	495,522	455,453	510,722	485,774	485,774	485,774	485,774
OTHER FUNDS.....	1,005	875	848	848	848	848	848
SUBCATEGORY TOTAL.....	\$ 1,682,076	\$ 1,587,772	\$ 2,276,953	\$ 2,252,005	\$ 2,252,005	\$ 2,252,005	\$ 2,252,005
CHILD DEVELOPMENT							
GENERAL FUND.....	\$ 475,990	\$ 440,365	\$ 437,121	\$ 437,121	\$ 437,121	\$ 437,121	\$ 437,121
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	528,656	517,483	501,302	501,302	501,302	501,302	501,302
OTHER FUNDS.....	5,089	5,300	5,300	5,300	5,300	5,300	5,300
SUBCATEGORY TOTAL.....	\$ 1,009,735	\$ 963,148	\$ 943,723	\$ 943,723	\$ 943,723	\$ 943,723	\$ 943,723
ALL PROGRAMS:							
GENERAL FUND.....	\$ 8,796,489	\$ 10,560,548	\$ 10,530,950	\$ 10,731,240	\$ 11,101,913	\$ 11,509,958	\$ 12,012,260
SPECIAL FUNDS.....	385,544	437,772	507,665	482,665	457,665	457,665	457,665
FEDERAL FUNDS.....	16,430,105	14,933,002	14,137,971	14,380,223	14,675,698	14,983,357	15,303,735
OTHER FUNDS.....	1,672,450	1,896,036	1,909,474	1,968,784	2,023,181	2,071,231	2,121,683
DEPARTMENT TOTAL.....	\$ 27,284,588	\$ 27,827,358	\$ 27,086,060	\$ 27,562,912	\$ 28,258,457	\$ 29,022,211	\$ 29,895,343

PROGRAM OBJECTIVE: To provide effective administrative and support systems through which the substantive programs of the department can be operated.

Program: Human Services Support

The Human Services Support program provides the policy direction, management and administrative systems required to implement, maintain and monitor the substantive programs of the department.

Information systems are critical to the management of human services. The technology challenge is to provide timely and accurate information that enables the integration of numerous client services and tracks individual progress toward self-sufficiency. The continued creation and expansion of Web-based applications allows for more online services and efficient maintenance of common client and provider databases, as well as case management systems, for use across programs.

Also provided is the management and oversight of the coordination of benefits and recovery of Medical

Assistance overpayments when a third-party liability is identified. Recoveries consist of casualty cases, the Estate Recovery program, federally mandated “pay and chase” situations, and the identification and recovery of insurance payments after claims are paid.

This program also seeks reimbursement from third-party sources for services provided to patients and consumers at the state-operated mental health and mental retardation facilities.

Finally, this program ensures the quality of services for Pennsylvania residents by licensing and regulating child care and selected medical facilities.

The department continues to strive toward system enhancements that will minimize administrative costs in relation to service costs.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND				Information Systems	
	General Government Operations		\$	1,489	—to continue current program.
\$	2,091	—to continue current program.		-1,577	—to reflect change in federal earnings.
	-2,458	—to reflect change in federal earnings.		425	—Initiative-Adult Protective Services. To implement an adult protective services system to protect physically and cognitively impaired individuals ages 18 through 59.
	630	—Initiative-Adult Protective Services. To implement an adult protective services system to protect physically and cognitively impaired individuals ages 18 through 59.		1,000	—Initiative-General Assistance Program Reform. To implement the information technology changes necessary to reform the General Assistance program.
	<hr/>			<hr/>	
\$	263	<i>Appropriation Increase</i>	\$	1,337	<i>Appropriation Increase</i>

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 56,303	\$ 59,893	\$ 60,156	\$ 60,156	\$ 60,156	\$ 60,156	\$ 60,156
Information Systems.....	46,318	44,631	45,968	45,968	45,968	45,968	45,968
TOTAL GENERAL FUND	\$ 102,621	\$ 104,524	\$ 106,124	\$ 106,124	\$ 106,124	\$ 106,124	\$ 106,124

PROGRAM OBJECTIVE: To support a health care delivery system that provides comprehensive health care services in appropriate settings for the eligible populations.

Program: Medical Assistance

The Medical Assistance program ensures access to comprehensive health care services for eligible low-income individuals and families or those with medical expenses exceeding available income. Qualified individuals may receive a complete package of benefits, including cash assistance, under the Temporary Assistance for Needy Families (TANF) Block Grant, Supplemental Security Income or General Assistance programs. Others who do not qualify for cash assistance grants but meet certain federal and state medical and financial criteria may also qualify for a complete package of Medical Assistance benefits. These individuals include persons with medical conditions that preclude work, women diagnosed with and on active treatment for breast or cervical cancer or pre-cancer of breast or cervix, and disabled workers with incomes under 250 percent of the federal poverty guidelines who pay a premium equal to 5 percent of their monthly income. Some individuals with slightly higher income but who spend a significant portion of their income on medical expenses may also qualify for a reduced package of benefits.

Program Element: Outpatient Services

Outpatient services include the majority of preventive services available to a person who does not need extended acute care in a health care facility. Some examples of medical or dental outpatient services are medical or dental care in a clinic or office setting, outpatient surgery, acute care short procedure units, rehabilitation, drug and alcohol treatment, pharmacy benefits, ambulance transportation, home health care, medical supplies and equipment, and prosthetic devices.

Individuals who meet federal medical criteria and qualify for the complete package of benefits are eligible for a comprehensive array of outpatient services. Individuals who qualify for the reduced package of benefits are still eligible for most outpatient services except pharmacy benefits, dental care, except when provided in certain facility settings, medical supplies and equipment, except when provided in conjunction with home health agency services, and prosthetic devices. Some service restrictions, comparable to private insurance, apply to adult recipients. For example, most adults who are eligible for pharmacy benefits are limited to six prescriptions per month, and most adults have limited coverage of certain dental benefits such as exams or dentures. An exception process is available for unusual circumstances.

The ACCESS Plus program is available to Medical Assistance recipients in the 42 counties where

HealthChoices mandatory physical health is not available with several exceptions such as nursing home residents, and adult dual eligible Medicare/Medicaid members with Medicare Part D benefits. The department has placed a significant emphasis on implementing expanded disease management programs and has developed a series of financial incentives for both the disease management vendor and primary care practitioners to focus on enhancing the medical home model by providing quality care and actively supporting disease management programs.

In response to the rising cost of prescription drugs, the department has taken steps to cost-effectively manage utilization of pharmacy services without compromising access to quality care, such as use of a clinically-based preferred drug list that provides for supplemental drug rebates and enforces the use of drugs considered best in class. Other efforts include prior authorization of certain medications with high cost or health and safety risks to consumers, quantity limits and special initiatives such as the Specialty Pharmacy Drug program. The department's Specialty Pharmacy Drug program provides a reliable and convenient dispensing and delivery system for providers and Medical Assistance consumers through two nationally accredited specialty pharmacy providers.

Program Element: Inpatient Services

Inpatient hospital services include care for Medical Assistance patients in acute care, rehabilitation and private psychiatric hospitals.

The Inpatient Medical Assistance program provides eligible recipients coverage on a 24-hour basis for room, board and professional services. A recipient is only eligible for admission under Medical Assistance upon the recommendation of a physician, certified registered nurse practitioner, dentist or podiatrist. Medical Assistance does not cover hospital care solely for cosmetic procedures, nor diagnostic or therapeutic procedures solely for experimental, research or educational purposes. All inpatient admissions are reviewed for medical necessity unless exempt from prior authorization such as deliveries and burns that fall into specific diagnosis related groups (DRGs).

The department uses a prospective payment system to reimburse general acute care hospitals. General acute care hospitals are paid a calculated amount per discharge based on the patient's diagnosis, the procedures performed and the patient's age, sex and discharge status. Beginning in 2010-11, the Medical Assistance Fee-for-Service program implemented a new prospective payment system using

Program: Medical Assistance (continued)

All Patient Refined Diagnosis Related Grouping (APR-DRG), a severity based grouping software. The APR-DRG system is used to classify the various diagnoses based on the amount of resources hospitals customarily use for treatment. The department's payment for compensable inpatient hospital services under the APR-DRG payment system is the product of the hospital specific base rate multiplied by the relative value of the DRG assigned to the discharge. With the implementation of the APR-DRG, the day outlier policy was eliminated and replaced with a revised cost outlier policy. This cost outlier policy provides reimbursement to hospitals for cost outliers when the cost of treating the case exceeds or is below a certain cost threshold. These "outlier" costs are reimbursed on an exceptional cost basis in the prospective payment to the hospital. When professional care is provided to a Medical Assistance recipient, the department separately reimburses the health care professional who provided direct care services to the recipient and is under salary or contract with the hospital. These services are reimbursed in accordance with the fees and regulations established under the Medical Assistance Fee Schedule through the Medical Assistance - Outpatient appropriation.

Freestanding psychiatric and rehabilitation hospitals and distinct part psychiatric and rehabilitation units of acute care hospitals are reimbursed on a prospective basis through per diem payments.

Additional payments are also provided to hospitals to partially offset the cost of uncompensated care or extraordinary medical services provided by hospitals to individuals with no or inadequate health care insurance.

Program Element: Capitation

The department contracts with managed care organizations (MCOs) and counties to provide health care for Medical Assistance recipients. The department pays a fixed monthly rate per enrolled recipient. MCOs emphasize outpatient preventive health services and disease management as a means of controlling costs. The coordinated approach allows enhanced continuity of care, improves recipients' access to primary physician care and specialized behavioral health programs, provides strengthened oversight of operational standards and facilitates an efficient use of limited health care resources.

Pennsylvania's mandatory managed care program is known as HealthChoices. The statewide HealthChoices Behavioral Health (BH) program is administered by the Office of Mental Health and Substance Abuse Services. The BH program is provided through contracts with counties that use an independent BH-MCO, or through contracts directly with BH-MCOs. Services provided include psychiatric inpatient treatment, partial hospitalization, psychiatric outpatient services, behavioral rehabilitation

services for children, case management, and drug and alcohol detoxification, and rehabilitation services.

Physical health mandatory managed care services are administered by the Office of Medical Assistance Programs, Bureau of Managed Care Operations. The HealthChoices Physical Health program is mandatory for most recipients in five counties in southeastern Pennsylvania, 10 counties in southwestern Pennsylvania and 10 counties in the Lehigh/Capital region of Pennsylvania. The physical health program does not include recipients age 21 and older who are dually eligible and have Medicare benefits. Physical health MCO enrollees receive the full array of physical health services, which primarily include inpatient, outpatient, primary care, pharmaceuticals, home health, dental and vision services. The MCOs offer incentives to recipients and providers for accessing preventative and disease management services and participating in self management programs. Currently, the department contracts with seven MCOs to provide these services with the potential of qualified new MCOs entering the program through the department's procurement and readiness review process as existing contracts expire. The department also contracts with four MCOs to provide physical health services to recipients in a voluntary managed care program in 25 counties where the HealthChoices Physical Health program has not been implemented.

Program Element: Medical Assistance Transportation Program

The purpose of the Medical Assistance Transportation Program (MATP) is to provide efficient and effective non-emergency medical transportation to improve access to health care services for Medical Assistance recipients who need transportation assistance.

MATP provides funding to 66 county programs and a transportation broker in Philadelphia County to provide transportation options to Medical Assistance covered services. The effectiveness of expanding the broker model to other regional areas within the commonwealth is being reviewed.

The program assesses MATP eligibility and determines the level of transportation services needed, provides funding for recipients to use public transit, reimburses clients for private vehicle mileage use, develops and manages a network of on-demand transportation providers, schedules and dispatches on-demand paratransit trips, and captures and provides data.

Counties are responsible for providing transportation services to Medical Assistance recipients in either fee-for-service or managed care arrangements and must transport clients to and/or from a medical facility, physician's office, dentist's office, hospital, clinic, pharmacy or purveyor of medical equipment for the purpose of receiving medical

Program: Medical Assistance (continued)

treatment, medical evaluation, or purchasing prescription drugs or medical equipment.

Program Element: Special Pharmaceutical Benefits Program

The Special Pharmaceutical Benefits Program (SPBP) is comprised of two components – an HIV/AIDS component and a mental health component. The HIV/AIDS component pays for specific drugs and lab services for low and moderate-income persons with HIV/AIDS who are not eligible for drug coverage through the Medical Assistance program. In order to qualify for this program, the applicant must be a resident of Pennsylvania, have a diagnosis of HIV/AIDS and a gross annual income of less than 337% of the federal poverty level. SPBP is the payer of last resort, and all available third party resources must be used before payment is made by the program.

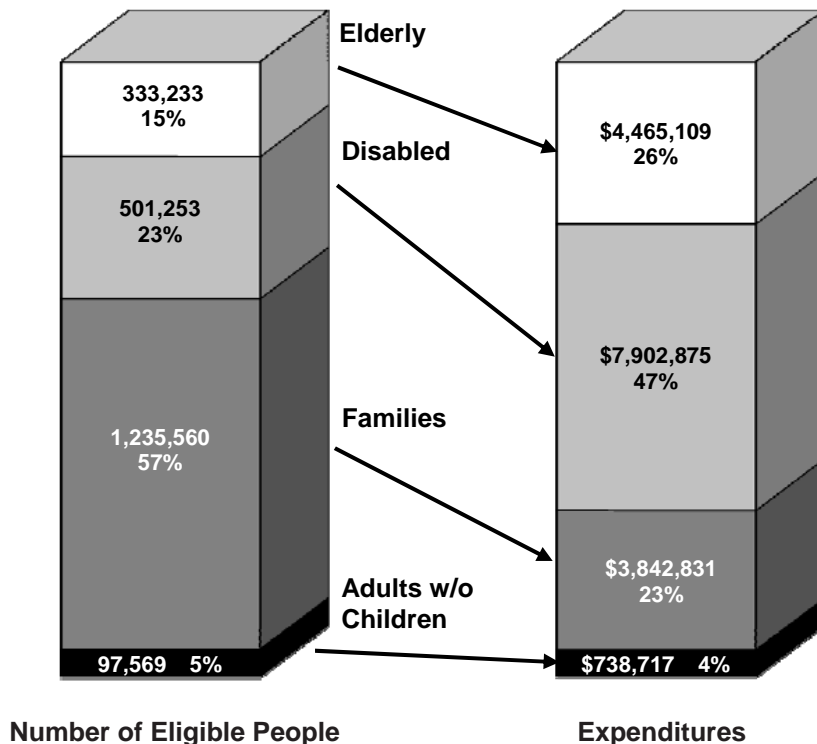
The mental health component pays for limited mental health drug therapy for persons residing in the community

who suffer from schizophrenia and who are not eligible for drug coverage through the regular Medical Assistance program or some other entity such as Medicare Part D. Mental health applicants with a gross annual income of less than \$35,000 for an individual plus an allowance of \$2,893 for each additional family member and have the appropriate medical diagnosis are eligible for the mental health component of this program.

Program Element: Expanded Medical Services for Women

The Expanded Medical Services for Women program provides counseling services to women. Grants are provided to nonprofit agencies whose primary purpose is to assist pregnant women seeking alternatives to abortions. Services are provided up to 12 months after childbirth and include food, shelter, clothing, health care, counseling, adoption services, parenting classes, assistance for post delivery stress and other support programs.

Medicaid Expenditures and Enrollees by Category of Assistance
Fiscal Year 2012-13
 (Dollar Amounts in Thousands)



Although the disabled and elderly are only 38% of the total Medical Assistance population, they account for 73% of the Medical Assistance expenditures.

Program: Medical Assistance (continued)

Program Recommendations: (continued)

This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>–32,422 —Initiative—Hospital Application Process Revisions. Savings generated from maintaining recipients enrolled through the hospital application process in the fee-for-service program until redetermination.</p> <p>–142,103 —Initiative—General Assistance Program Reform. Savings generated from revisions to the eligibility criteria for medical assistance benefits provided through the General Assistance program.</p> <hr/> <p>\$ 337,169 <i>Appropriation Increase</i></p> <p>Medical Assistance - Obstetric and Neonatal Services</p> <p>\$ –368 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>Hospital Based Burn Centers</p> <p>\$ –378 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>Medical Assistance - Critical Access Hospitals</p> <p>\$ –358 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>Trauma Centers</p> <p>\$ –866 —nonrecurring 2011-12 budgetary freeze amount.</p> <p>Medical Assistance - State-Related Academic Medical Centers</p> <p>\$ –1,262 —program reduction.</p> <p>Medical Assistance - Physician Practice Plans</p> <p>\$ –644 —program reduction.</p>	<p>\$ 5,392</p> <p>186</p> <hr/> <p>\$ 5,578</p> <p>\$ 250</p> <p>\$ –532</p> <p>43</p> <hr/> <p>\$ –489</p> <p>\$ 20,232</p> <p>1,859</p> <p>–10,000</p> <hr/> <p>\$ 12,091</p> <p>\$ –100</p> <p>\$ 215</p> <p>\$ 89</p>	<p>Medical Assistance - Transportation</p> <p>—change in caseload and utilization.</p> <p>—revision of federal financial participation from 55.07% to 54.28%.</p> <p><i>Appropriation Increase</i></p> <p>Expanded Medical Services for Women</p> <p>—to continue current program.</p> <p>Special Pharmaceutical Services</p> <p>—nonrecurring prior year expenditures.</p> <p>—change in caseload and utilization.</p> <p><i>Appropriation Decrease</i></p> <p>Medical Care for Workers with Disabilities</p> <p>—change in caseload and utilization.</p> <p>—revision of federal financial participation from 55.07% to 54.28%.</p> <p>—Initiative—MAWD Premium Reform. Savings generated from increasing the monthly premium rate paid by recipients. The premium rate has remained unchanged since the program began in 2001.</p> <p><i>Appropriation Increase</i></p> <p>Health Care Clinics</p> <p>—nonrecurring 2011-12 budgetary freeze amount.</p> <p>TOBACCO SETTLEMENT FUND</p> <p>Medical Care for Workers with Disabilities (EA)</p> <p>—increase in tobacco settlement funds available for transfer.</p> <p>Uncompensated Care (EA)</p> <p>—increase in tobacco settlement funds available for transfer.</p>
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The AIDS Special Pharmaceutical Services appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010–11 Actual	2011–12 Available	2012–13 Budget	2013–14 Estimated	2014–15 Estimated	2015–16 Estimated	2016–17 Estimated
GENERAL FUND:							
Payment to Federal Government -							
Medicare Drug Program	\$ 209,952	\$ 473,612	\$ 521,035	\$ 521,035	\$ 521,035	\$ 521,035	\$ 521,035
Medical Assistance - Outpatient	467,929	645,095	506,677	403,737	409,072	414,429	419,802
Medical Assistance - Inpatient	243,809	325,685	275,208	241,627	274,284	310,116	349,418
Medical Assistance - Capitation	2,478,449	3,330,457	3,667,626	3,919,044	4,099,683	4,288,301	4,536,979
Medical Assistance - Obstetric and Neonatal Services	4,815	3,681	3,313	3,313	3,313	3,313	3,313
Hospital Based Burn Centers	4,946	3,782	3,404	3,404	3,404	3,404	3,404
Medical Assistance - Critical Access Hospitals	4,677	3,576	3,218	3,218	3,218	3,218	3,218
Trauma Centers	11,322	8,656	7,790	7,790	7,790	7,790	7,790

Program: Medical Assistance (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Medical Assistance - State-Related							
Academic Medical Centers	\$ 18,871	\$ 12,618	\$ 11,356	\$ 11,356	\$ 11,356	\$ 11,356	\$ 11,356
Medical Assistance - Physician Practice							
Plans.....	9,721	6,437	5,793	5,793	5,793	5,793	5,793
Medical Assistance - Transportation.....	69,528	69,221	74,799	74,799	74,799	74,799	74,799
Expanded Medical Services for Women....	4,566	4,794	5,044	5,044	5,044	5,044	5,044
AIDS Special Pharmaceutical Services.....	16,267	10,267	10,267	10,267	10,267	10,267	10,267
Special Pharmaceutical Services	2,346	2,506	2,017	2,017	2,017	2,017	2,017
Medical Assistance - Workers with							
Disabilities.....	1,600	30,372	42,463	42,463	42,463	42,463	42,463
Acute Care Hospitals.....	4,599	0	0	0	0	0	0
Health Care Clinics.....	2,452	1,000	900	900	900	900	900
TOTAL GENERAL FUND	\$ 3,555,849	\$ 4,931,759	\$ 5,140,910	\$ 5,255,807	\$ 5,474,738	\$ 5,704,245	\$ 5,997,598
TOBACCO SETTLEMENT FUND:							
Medical Care for Workers with							
Disabilities (EA)	\$ 51,849	\$ 62,007	\$ 62,222	\$ 62,222	\$ 62,222	\$ 62,222	\$ 62,222
Uncompensated Care (EA)	32,685	25,348	25,437	25,437	25,437	25,437	25,437
TOTAL TOBACCO SETTLEMENT							
FUND.....	\$ 84,534	\$ 87,355	\$ 87,659	\$ 87,659	\$ 87,659	\$ 87,659	\$ 87,659

PROGRAM OBJECTIVE: To support a long-term living system that empowers persons with disabilities and older Pennsylvanians to live with dignity and independence in settings they prefer, to provide meaningful choice of long-term living services and to ensure that those services are delivered in a high-quality, cost-effective manner.

Program: Long-Term Living

The commonwealth’s commitment to supporting people with disabilities and older Pennsylvanians is demonstrated through a continuum of services ranging from independent living with the support of home and community-based services to institutional care.

Program Element: Home and Community-Based Services

For individuals who want to receive services in the community, the department administers five home and community-based Medicaid waiver programs in addition to the Living Independence for the Elderly (LIFE) program that help individuals to live as independently as possible.

The Independent Enrollment Broker and local area agencies on aging provide information on service options and eligibility requirements; assistance is given to qualifying individuals who wish to enroll in applicable programs. Individual service plans are developed and coordination is provided with an extensive network of providers. The department is responsible for ensuring that services are being provided in a consistent and cost-effective manner.

A variety of specialized services are provided to enable people with physical and/or cognitive disabilities, as well as people over 60, to live independently in the community. Personal assistance, service coordination, non-medical transportation, home health aide and nursing services are several of the community-based support services that are provided.

The Attendant Care program provides personal assistance services to individuals who are between the ages of 18 and 59 and have physical disabilities. Personal assistance services, such as bathing, dressing, grooming and other activities of daily living, enable recipients to remain in or return to their own homes, rejoin the workforce and maintain independent and productive lives.

The Medicaid home and community-based disability programs support eligible individuals who have limitations in performing activities of daily living, understanding and/or use of language, learning, mobility, self-direction and capacity for independent living. These services help individuals to function independently in the community. Similar services are provided to people with traumatic brain injury. These services enable individuals to function in the community as independently as possible after they have progressed beyond initial acute rehabilitation. People with cognitive disabilities may require a special mix of services to address short-term memory issues.

Eligible older Pennsylvanians who are in need of nursing facility level-of-care may receive services in the community through the federal Medicaid Aging Waiver Program and the LIFE Program. These programs provide assistance with activities of daily living, as well as in-home nursing services, while encouraging use of informal supports available through family and friends. Additionally, the LIFE program integrates Medicare funding with Medicaid funding to provide a fully coordinated and comprehensive service package to enrollees.

Program Element: Nursing Facility Services

Institutional services are provided to eligible persons by nursing facilities that are certified, in accordance with established standards, to participate in the Medical Assistance program. Nursing facility care is available to Medical Assistance recipients who are determined nursing facility clinically eligible through a level of care assessment. Nursing facility care involves daily medical treatment and rehabilitation services prescribed by a licensed physician. The services are provided by or under the supervision of licensed professional, nursing personnel or other professional health personnel.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND			
	Long-Term Care			
\$ 11,598	—increase in utilization.		77,000	—impact of prior year change in timing of nursing facilities payments.
-13,186	—saving from administrative and other cash flow initiatives.		25,549	—revision of federal financial participation from 55.07% to 54.28%.
818	—reflects impact of decrease in available Tobacco Settlement Funds.		-46,439	—Initiative—Revised Provider Reimbursement. Savings generated from reduction to provider reimbursement rates or alternative provider cost containment.
-71,562	—reflects impact of increase in available Lottery Funds.		45	—Initiative—Adult Protective Services. To implement an adult protective services system to protect physically and cognitively impaired individuals ages 18 through 59.
16,113	—replacement of Intergovernmental Transfer Funds.			
1,345	—nonrecurring prior year offsets.			
			\$ 1,281	<i>Appropriation Increase</i>

Program: Long-Term Living (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

<p>Home and Community-Based Services</p> <p>\$ 1,294 —nonrecurring prior year Tobacco Settlement Funds offsets.</p> <p>–139 —reflects impact of increase in available Tobacco Settlement Funds.</p> <p>–3,785 —annualization of prior year cost containment initiatives.</p> <p>–34 to continue current program.</p> <p>2,940 —revision of federal financial participation from 55.07% to 54.28%.</p> <p>–3,200 —Initiative—High-Cost Case Reviews. Savings generated through intensive review and case management of high-cost consumers enrolled in medical assistance programs that reimburse for services based on utilization and fee schedules.</p> <hr/> <p>\$ –2,924 <i>Appropriation Decrease</i></p> <p>Long-Term Care Managed Care</p> <p>\$ 16,787 —for increased utilization and annualization of previous expansion.</p> <p>1,187 —revision of federal financial participation from 55.07% to 54.28%.</p> <hr/> <p>\$ 17,974 <i>Appropriation Increase</i></p> <p>Services to Persons with Disabilities</p> <p>\$ –3,959 —reflects projected decrease in utilization.</p> <p>–2,364 —annualization of prior year cost containment initiatives.</p> <p>2,456 —revision of federal financial participation from 55.07% to 54.28%.</p> <p>–2,700 —Initiative—High-Cost Case Reviews. Savings generated through intensive review and case management of high-cost consumers enrolled in medical assistance programs that reimburse for services based on utilization and fee schedules.</p> <hr/> <p>\$ –6,567 <i>Appropriation Decrease</i></p>	<p>Attendant Care</p> <p>\$ –2,890 —reflects projected decrease in utilization.</p> <p>–1,090 —annualization of prior year cost containment initiatives.</p> <p>1,027 —revision of federal financial participation from 55.07% to 54.28%.</p> <p>–2,100 —Initiative—High-Cost Case Reviews. Savings generated through intensive review and case management of high-cost consumers enrolled in medical assistance programs that reimburse for services based on utilization and fee schedules.</p> <hr/> <p>\$ –5,053 <i>Appropriation Decrease</i></p> <p>LOTTERY FUND</p> <p>Medical Assistance - Long-Term Care</p> <p>\$ 71,562 —increase in Lottery Funds available for transfer.</p> <p>TOBACCO SETTLEMENT FUND</p> <p>Home and Community-Based Services</p> <p>\$ –1,294 —nonrecurring reallocation of prior year Tobacco Settlement Funds.</p> <p>139 —increase in Tobacco Settlement Funds available for transfer.</p> <hr/> <p>\$ –1,155 <i>Appropriation Decrease</i></p> <p>Medical Assistance - Long-Term Care</p> <p>\$ –818 —decrease in Tobacco Settlement Funds available for transfer.</p>
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Long-Term Care.....	\$ 728,907	\$ 740,203	\$ 741,484	\$ 826,877	\$ 978,919	\$ 1,157,157	\$ 1,366,106
Home and Community - Based Services...	0	160,384	157,460	157,460	157,460	157,460	157,460
Long-Term Care Managed Care.....	0	65,027	83,001	83,001	83,001	83,001	83,001
Services to Persons with Disabilities.....	115,635	147,434	140,867	140,867	140,867	140,867	140,867
Attendant Care	97,869	95,401	90,348	90,348	90,348	90,348	90,348
TOTAL GENERAL FUND.....	\$ 942,411	\$ 1,208,449	\$ 1,213,160	\$ 1,298,553	\$ 1,450,595	\$ 1,628,833	\$ 1,837,782
LOTTERY FUND:							
Medical Assistance - Long-Term Care.....	\$ 178,438	\$ 178,438	\$ 250,000	\$ 225,000	\$ 200,000	\$ 200,000	\$ 200,000
TOBACCO SETTLEMENT FUND:							
Home and Community-Based Services (EA).....	\$ 18,973	\$ 9,396	\$ 8,241	\$ 8,241	\$ 8,241	\$ 8,241	\$ 8,241
Medical Assistance - Long-Term Care.....	103,599	162,583	161,765	161,765	161,765	161,765	161,765
TOTAL TOBACCO SETTLEMENT FUND	\$ 122,572	\$ 171,979	\$ 170,006	\$ 170,006	\$ 170,006	\$ 170,006	\$ 170,006

PROGRAM OBJECTIVE: To promote personal and parental responsibility and encourage economic independence and self-sufficiency through temporary cash assistance, job training and child care for families or individuals.

Program: Income Maintenance

The broad purpose of public assistance is to provide temporary support to families in transition from dependency to economic self-sufficiency. Support may include limited education, job training and placement assistance, child care, transportation, other support services and cash assistance.

Program Element: Income Assistance

Caseworkers in the county assistance offices (CAOs) review financial and non-financial criteria with applicants of cash assistance, Medical Assistance (MA) and the Supplemental Nutrition Assistance Program (SNAP) to determine eligibility for benefits. As a condition of eligibility for cash assistance, adult recipients who are 18 years of age and older are required to sign and comply with the economic self-sufficiency plan in their Agreement of Mutual Responsibility (AMR). The AMR outlines the steps the individual will take and the services the caseworkers in the CAOs will provide to enable the family to become independent from public assistance. After assessing potential barriers to employment, most adult welfare recipients are required to take realistic, concrete steps that will lead to increased success in the workplace. Able-bodied adults are required to either work or participate in an approved work-related activity. Adults who are disabled to the extent that substantial gainful employment is not possible are required to cooperate in applying for federal benefits.

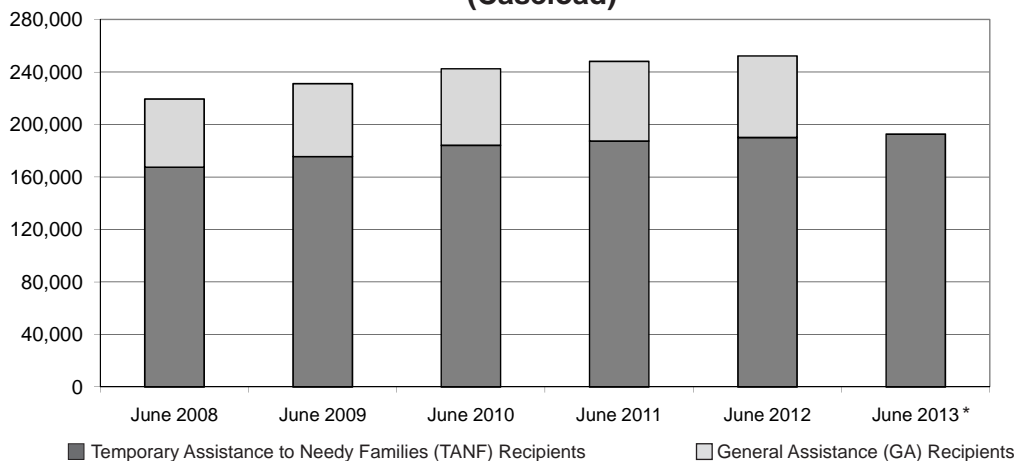
At application, the semi-annual review and the annual renewal for cash assistance, data is entered into the

department's client information system and is available for MA program determinations and SNAP. All final MA claims payments and most cash payments are processed through the central office using automated systems.

Cash assistance is provided to persons determined by the staff in CAOs to be eligible for the Temporary Assistance for Needy Families (TANF), the state General Assistance (GA) and the State Blind Pension (SBP) programs. TANF cash assistance is provided for a limited time to people who meet income and resource guidelines and who comply with work activity requirements or other requirements that are included on their AMR. The TANF program provides state and federal funds for temporary cash support for families in transition to self-sufficiency. SBP and GA, on the other hand, are entirely state-funded. State Blind Pension recipients are persons who meet age, vision and personal resource requirements specified in the Public Welfare Code. Most GA recipients are individuals with no dependent children but with temporary disabilities that prevent employment. This budget proposes to eliminate the cash assistance benefits provided through the GA program.

Federal regulations place a five-year lifetime limit on TANF cash assistance for most adult recipients and allow a hardship exemption for up to 20 percent of the TANF caseload. The department has implemented regulations that define the hardship exemption and make provisions for extending the time period for a family with multiple barriers to employment that prevent the ability to reach self-sufficiency within the five-year limit.

Cash Grants (Caseload)



* Reduction in June 2013 caseload reflects the General Assistance Program Reform initiative. Please see the Preserving the Safety Net theme in the Overview and Summaries section for additional information.

Program: Income Maintenance (continued)

The Low-Income Home Energy Assistance Program (LIHEAP) is a 100% federally funded program that assists eligible households by providing funds to offset the burden of high energy costs. LIHEAP also provides funds in heating crisis situations, arranging and paying for emergency deliveries or expediting payments to avoid utility shut offs and by providing furnace repairs through other agencies. The eligibility standard, which is subject to annual revision based on the availability of funding, includes every household member's income. Payments are made to energy suppliers on behalf of persons responsible for paying heating costs or directly to those households where home heating is included in the rent.

The Supplemental Security Income (SSI) program provides aged, blind and disabled persons with a monthly payment based on nationally uniform eligibility standards. Presently, the monthly federal benefit rate for individuals is \$698 and \$1,048 for couples. Pennsylvania contributes a supplemental grant of \$22.10 for an individual and \$33.30 for couples to SSI recipients. The department is responsible for directly issuing the state supplemental grants to most SSI recipients. A special monthly state supplement is paid to SSI-eligible persons in domiciliary care facilities and personal care homes. For SSI residents in personal care homes, the minimum personal care allowance is \$85 a month.

The department also administers a disability advocacy program to assist mentally and physically disabled individuals in establishing their eligibility for federal SSI benefits.

Program Element: Employment, Training and Work Supports

The employment and training program known as the Road to Economic Self-Sufficiency through Employment and Training (RESET) assists welfare recipients to enter the workforce and achieve economic independence. The RESET program focuses on job search activities, job development and job placement services, and also allows for short-term vocational/educational training for those who are not yet job ready. It provides supports to employed clients to maintain employment and/or upgrade their work skills so that they may be promoted to better jobs with more hours, higher pay, and medical benefits and to clients participating in employment and training activities.

Programs under RESET include services to enhance the employability of clients who have been unable to find employment or gain work experience. These programs are known as the Employment, Advancement and Retention Network (EARN) Centers, which provide comprehensive services to individuals who are newly applying for TANF as well as individuals who are already receiving TANF. Programs offer a single point of contact providing work

support for the clients in their efforts toward attaining self-sufficiency, including job readiness, assessment and job placement services. The full range of employment and training services allows for a uniform and standardized system to place individuals in appropriate short-term training activities suited to their skills and interests leading to placement in stable and long-term jobs. In addition to training for welfare clients, programs to assist noncustodial parents to enter and advance in the workplace are provided to improve family economic viability. Participants are offered supports such as child care, transportation and clothing assistance to remove any barriers to work or training, ensure on-going success and avoid a return to cash assistance.

Program Element: Child Support Enforcement

Child Support Enforcement program services are provided at the local level through cooperative agreements between the department and the domestic relations sections of the Courts of Common Pleas. The services include the establishment of paternity for children born outside of marriage; the determination, establishment and enforcement of a financial child support obligation paid by a noncustodial parent to meet the ongoing daily needs of the children; and the procurement of medical support, including health insurance and/or the reimbursement of uninsured medical expenses for the children.

Child support enforcement services are available to children from birth to age 18 or until the child graduates from high school or becomes emancipated. The courts may require child support to be paid for an individual over the age of 18 if extraordinary needs – excluding college tuition – exist. A designated portion of child support paid on behalf of children receiving TANF benefits is passed through to the custodial parent and any residual amount is assigned to the department to reimburse cash assistance benefits issued to the child's family.

Federal funding of the state's Child Support Enforcement program is based on its performance in establishing paternity and court orders for support, as well as collecting child support amounts ordered. Pennsylvania's program exceeds federal standards for establishing paternity and court orders for support: collection of current support and cases paying on arrears are both 83 percent – the highest percentage of any state in the nation. Pennsylvania is the first state in the nation to meet and exceed the five federal performance standards for establishment of paternity, establishment of court orders for child support, collection of current support, cases paying on arrears and administrative cost effectiveness. In addition, more than 85 percent of children receiving support currently have health insurance or other means of medical support.

Program: Income Maintenance (continued)

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND		Supplemental Grants - Aged, Blind, Disabled	
County Assistance Offices			
\$ 2,694	—to continue current program.	\$ 3,421	—impact of caseload increases.
–2,050	—to reflect change in federal earnings.		
<u>\$ 644</u>	<i>Appropriation Increase</i>		
Cash Grants			
\$ 6,570	—impact of caseload increases.		
–10,500	—nonrecurring summer storm disaster assistance.		
–150,000	—Initiative—General Assistance Program Reform. Savings generated from the elimination of cash assistance benefits provided through the General Assistance Program. These benefits are funded exclusively with state funds.		
<u>\$ –153,930</u>	<i>Appropriation Decrease</i>		

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
County Administration - Statewide.....	\$ 38,269	\$ 32,793	\$ 32,793	\$ 32,793	\$ 32,793	\$ 32,793	\$ 32,793
County Assistance Offices.....	268,837	259,326	259,970	259,970	259,970	259,970	259,970
Child Support Enforcement	14,424	13,796	13,796	13,796	13,796	13,796	13,796
New Directions	32,473	17,183	17,183	17,183	17,183	17,183	17,183
Cash Grants	270,195	220,356	66,426	66,426	66,426	66,426	66,426
Supplemental Grants - Aged, Blind and Disabled.....	145,767	150,029	153,450	153,450	153,450	153,450	153,450
TOTAL GENERAL FUND	<u>\$ 769,965</u>	<u>\$ 693,483</u>	<u>\$ 543,618</u>	<u>\$ 543,618</u>	<u>\$ 543,618</u>	<u>\$ 543,618</u>	<u>\$ 543,618</u>

PROGRAM OBJECTIVE: To maximize the individual's capacity for independent living through the provision of an array of service and support programs.

Program: Mental Health

This program provides for an integrated behavioral health system addressing mental health treatment and support services as well as substance abuse services. The objective of these services is to promote individual movement toward recovery. The department seeks to ensure that there is a combined approach to the delivery and the financing of behavioral health services. The department administers community mental health funds, Behavioral Health Services Initiative funds for both mental health and substance abuse services, Act 152 funds, which provide non-hospital residential substance abuse services, and federal grant funds. The department oversees the Medicaid HealthChoices Behavioral Health Managed Care program either through county contracts or by direct contract with a behavioral health managed care organization. The department manages the delivery of community mental health services administered by counties under the Pennsylvania Mental Health and Intellectual Disability Act of 1966 (MH/ID Act of 1966), as amended by Act 105 of 2011, and the Mental Health Procedures Act of 1976. Direct mental health treatment services are currently provided through six state-operated hospitals and one restoration (long-term care) center.

Program Element: Community Mental Health Services

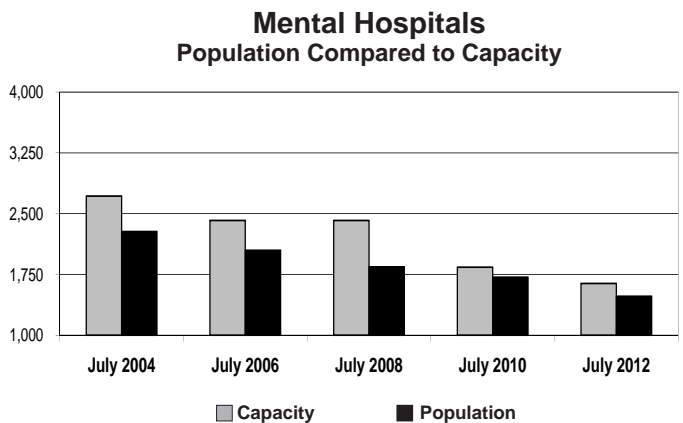
The MH/ID Act of 1966 requires county governments to provide an array of community-based mental health services, including unified intake, community consultation and education, support for families caring for members with mental disorders and community residential programs. Community services are targeted to adults with serious mental illness and children and adolescents with or at risk of serious emotional disturbance. Key provisions of service include recovery-oriented treatment, community care and support services that enable individuals to live in the community and lead independent and productive lives. Non-residential services include family-based support, outpatient care, partial hospitalization, emergency and crisis intervention, peer to peer support and after care. Community residential services consist of housing support, residential treatment, inpatient care, crisis services and mobile therapy. Services are administered by single counties, county jointers or through contracts with private, nonprofit organizations or agencies. Services, with some exceptions, are funded with state, federal and/or county matching funds.

Program Element: Substance Abuse Services

The department is responsible for the oversight and administration of Behavioral Health Services Initiative (BHSI) funding. Substance abuse treatment services are provided to individuals with severe addictive disorders (including co-occurring mental health disorders) who are uninsured, who do not have insurance that covers the service needed or who cannot obtain Medical Assistance benefits. Services available include the full continuum of treatment, as well as case management services, to assist this population with access to and retention in treatment to promote recovery.

Program Element: State Mental Hospitals

State mental hospitals provide long-term inpatient care for individuals who require intensive treatment. Additionally, they provide specialized inpatient care for the adolescent, criminal and elderly (long-term) populations. A unit for the treatment of violent sexual predators, whose commitment in the Youth Development Center system terminates at age 21, was established as mandated in Act 21 of 2003. To move individuals into the most integrated setting, efforts continue to assess and transfer individuals to community mental health programs, where services are provided in a less restrictive setting through the Community/Hospital Integration Projects Program (CHIPPs).



The population at state mental hospitals has declined by 798 (or 35 percent) since July of 2004, as more people receive mental health services in the community. During that same period, capacity at the state mental hospitals has declined by 1,077 (or 40 percent).

Program: Mental Health (continued)

Expenditures by Hospital, Restoration Center and Community Programs

(Dollar Amounts in Thousands)

	2010-11	2011-12	2012-13		2010-11	2011-12	2012-13
	Actual	Available	Budget		Actual	Available	Budget
Allentown				Torrance			
State Funds.....	\$ 11,112	\$ 3,000	\$ 4,084	State Funds.....	\$ 58,118	\$ 56,113	\$ 31,829
Federal Funds.....	366	1,236	1,675	Federal Funds.....	8,831	8,387	36,523
Augmentations.....	435	50	320	Augmentations.....	1,191	2,080	1,589
TOTAL.....	<u>\$ 11,913</u>	<u>\$ 4,286</u>	<u>\$ 6,079</u>	TOTAL.....	<u>\$ 68,140</u>	<u>\$ 66,580</u>	<u>\$ 69,941</u>
Clarks Summit				Warren			
State Funds.....	\$ 40,084	\$ 41,002	\$ 18,796	State Funds.....	\$ 34,135	\$ 36,244	\$ 17,779
Federal Funds.....	7,899	5,665	27,453	Federal Funds.....	8,238	5,273	23,895
Augmentations.....	1,462	1,183	1,464	Augmentations.....	1,497	1,033	1,127
TOTAL.....	<u>\$ 49,445</u>	<u>\$ 47,850</u>	<u>\$ 47,713</u>	TOTAL.....	<u>\$ 43,870</u>	<u>\$ 42,550</u>	<u>\$ 42,801</u>
Danville				Wernersville			
State Funds.....	\$ 32,228	\$ 34,000	\$ 18,029	State Funds.....	\$ 45,139	\$ 49,612	\$ 26,044
Federal Funds.....	8,537	4,912	23,471	Federal Funds.....	7,741	6,677	32,456
Augmentations.....	1,146	1,023	1,136	Augmentations.....	1,732	1,385	1,753
TOTAL.....	<u>\$ 41,911</u>	<u>\$ 39,935</u>	<u>\$ 42,636</u>	TOTAL.....	<u>\$ 54,612</u>	<u>\$ 57,674</u>	<u>\$ 60,253</u>
Mayview				Administrative Cost			
State Funds.....	\$ 4,696	\$ 0	\$ 0	State Funds.....	\$ 3,903	\$ 3,610	\$ 1,160
Federal Funds.....	353	0	0	Federal Funds.....	21	9	3,173
Augmentations.....	16	0	0	Augmentations.....		1	1
TOTAL.....	<u>\$ 5,065</u>	<u>\$ 0</u>	<u>\$ 0</u>	TOTAL.....	<u>\$ 3,924</u>	<u>\$ 3,620</u>	<u>\$ 4,334</u>
Norristown				Community Programs			
State Funds.....	\$ 68,104	\$ 66,162	\$ 38,961	State Funds.....	\$ 362,801	\$ 389,904	\$ 1,415 *
Federal Funds.....	8,490	9,961	36,750	Federal Funds.....	234,068	218,252	17,428
Augmentations.....	1,460	2,023	1,130	Augmentations.....	82	11	0
TOTAL.....	<u>\$ 78,054</u>	<u>\$ 78,146</u>	<u>\$ 76,841</u>	TOTAL.....	<u>\$ 596,951</u>	<u>\$ 608,167</u>	<u>\$ 18,843</u>
South Mountain State Restoration Center				Budgetary Reserve			
State Funds.....	\$ 21,466	\$ 23,172	\$ 8,722	State Funds.....	\$ 0	\$ 14,394	\$ 0
Federal Funds.....	6,444	3,200	19,518	Federal Funds.....	0	5,000	0
Augmentations.....	1,416	660	929	Augmentations.....	0	0	0
TOTAL.....	<u>\$ 29,326</u>	<u>\$ 27,032</u>	<u>\$ 29,169</u>	TOTAL.....	<u>\$ 0</u>	<u>\$ 19,394</u>	<u>\$ 0</u>

* Reduction in funding reflects the Human Services Development Fund Block Grant initiative. Please see the Preserving the Safety Net theme in the Overview and Summaries section for additional information.

Program: Mental Health (continued)

Hospital and Restoration Center Populations for the Prior, Current and Upcoming Year

State Mental Hospitals	Population July 2010	Population July 2011	Projected Population July 2012	Projected Bed Capacity July 2012	Projected Percentage of Capacity July 2012
Allentown.....	88	-	-	-	0.0%
Clarks Summit.....	223	219	212	219	96.8%
Danville.....	173	165	164	179	91.6%
Norristown.....	359	345	247	282	87.6%
South Mountain.....	132	134	134	137	97.8%
Torrance.....	292	313	306	361	84.8%
Warren.....	190	166	163	190	85.8%
Wernersville.....	259	264	255	271	94.1%
TOTAL.....	1,716	1,606	1,481	1,639	90.4%

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND			Behavioral Health Services
Mental Health Services		\$ -47,908	—Initiative—Human Services Development
\$ -550,469	—Initiative—Human Services Development Fund Block Grant. Savings generated from the elimination of funding for county-allocated community mental health services from this appropriation. Eighty percent of these savings will be transferred to the Human Services Development Block Grant appropriation to provide local governments with increased flexibility to address local needs.		Fund Block Grant. Savings generated from the elimination of funding for behavioral health services from this appropriation. Eighty percent of these savings will be transferred to the Human Services Development Block Grant appropriation to provide local governments with increased flexibility to address local needs.
75	—Initiative—Adult Protective Services. To implement an adult protective services system to protect physically and cognitively impaired individuals ages 18 through 59.		
<u>\$ -550,394</u>	<i>Appropriation Decrease</i>		

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Mental Health Services.....	\$ 681,786	\$ 717,213	\$ 166,819	\$ 166,819	\$ 166,819	\$ 166,819	\$ 166,819
Behavioral Health Services	52,220	47,908	0	0	0	0	0
TOTAL GENERAL FUND	\$ 734,006	\$ 765,121	\$ 166,819	\$ 166,819	\$ 166,819	\$ 166,819	\$ 166,819

PROGRAM OBJECTIVE: To maximize each individual's capacity for more independent living and participation in community life by providing needed training and support services.

Program: Intellectual Disabilities

The Department of Public Welfare supports a comprehensive array of services for people with intellectual disabilities including community residential and non-residential programs provided through the home and community-based waiver programs and the base program. Services are also provided in state operated institutions and private intermediate care facilities for the intellectually disabled (ICF/IDs). In addition to state and federal funding, local funding is provided for the community base program as required by the Mental Health and Intellectual Disability Act of 1966, as amended by Act 105 of 2011.

The program for people with intellectual disabilities has evolved from a system of large congregate residential facilities to a flexible and dynamic system of community supports and services tailored to the needs of persons living in the community. The trend toward enhancing the natural supports that exist in the family and the community continues to define services.

The department provides services to enhance the quality of life and promote independence for Pennsylvanians living with autism, a lifelong neurobiological disorder.

Program Element: Institutional Services

The department provides institutional care funding for people with intellectual disabilities. Services are offered through five public state centers whose primary goal is to develop residents' abilities to function more independently in preparation for living in a less restrictive environment. All facilities are currently certified for Medical Assistance (MA) under standards established by the Centers for Medicare & Medicaid Services. Private ICF/IDs provide the same intensive habilitative services to persons with intellectual disabilities. Large facilities are single or multiple buildings on campus-like sites accommodating nine persons or more while small facilities must be located in the community and serve eight persons or less.

Program Element: Intellectual Disabilities – Community Services

The Mental Health and Intellectual Disability Act of 1966, as amended by Act 105 of 2011, provides the

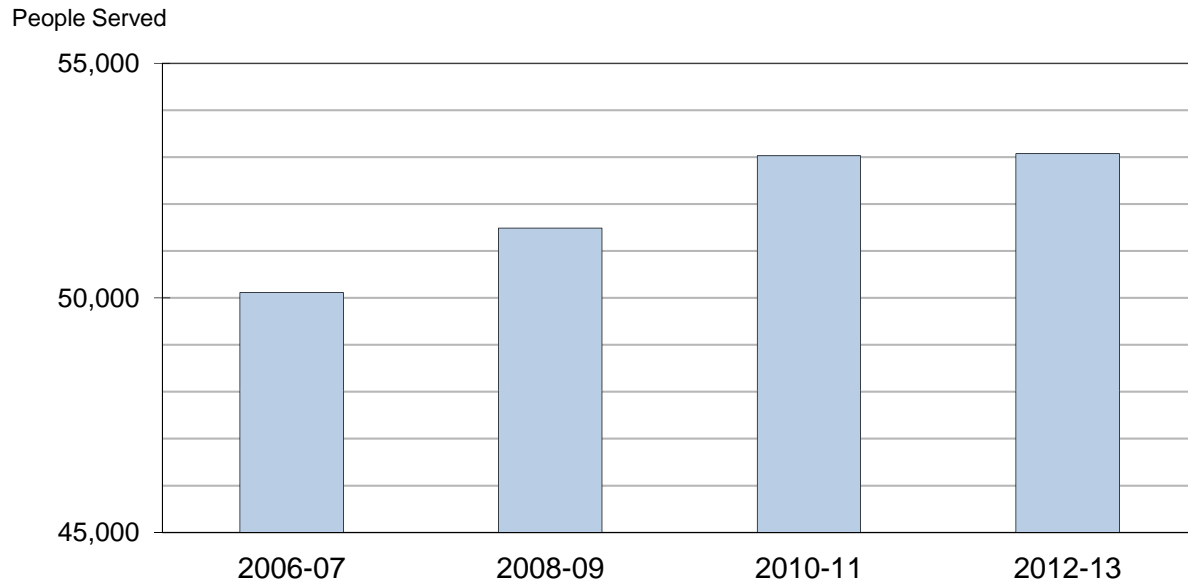
statutory basis, along with the Medicaid Consolidated and Person Family Directed/Support Waivers, for the development of community-based services for persons with intellectual disabilities. Community living arrangements include group homes, apartments with or without a roommate and life-sharing settings with family or others. Day services such as supported employment, pre-vocational programs, adult training and home and community habilitation are provided for people living in the community based on individual need. Other services available include transportation, environmental accessibility modifications, adaptive appliances/equipment, specialized therapies and nursing, and educational support. Respite services are also available for families of people with intellectual disabilities.

Program Element: Services for Individuals with Autism

The department provides funding for a statewide program to support the needs of Pennsylvanians living with autism spectrum disorders. The department developed and administers two direct services programs for adults with autism—the Adult Community Autism Program (ACAP) and the Adult Autism Waiver Program. Both programs are outcome-based and have been designed to assist participants in gaining the greatest level of independence possible, encourage involvement in community life, improve social skills and provide support to caregivers. In addition, the department supports people with autism of all ages through the Autism Service, Education, Research, and Training (ASERT) regional collaboratives, the development of crisis programs to support individuals in need of acute intervention, family support programs, and training programs to increase provider capacity. The three ASERT collaboratives work to improve regional access to quality services and interventions, provide information and support to families, train professionals in best practices and facilitate program development.

Program: Intellectual Disabilities (continued)

Intellectual Disabilities - Community Services



The number of individuals with intellectual disabilities receiving community services has increased nearly 3,000 since 2006-07.

The number of individuals served in 2012-13 includes those funded through the Human Services Development Fund Block Grant initiative. Please see the Preserving the Safety Net theme in the Overview and Summaries section for additional information.

State Centers Population for the Prior, Current and Upcoming Year

	Population July 2010	Population July 2011	Projected Population July 2012	Projected Bed Capacity July 2012	Projected Percentage Capacity July 2012
State Centers					
Ebensburg.....	277	274	257	402	63.9%
Hamburg.....	122	120	107	237	45.1%
Polk.....	303	291	268	521	51.4%
Selinsgrove.....	323	310	286	584	49.0%
White Haven.....	164	161	152	275	55.3%
TOTAL.....	<u>1,189</u>	<u>1,156</u>	<u>1,070</u>	<u>2,019</u>	<u>53.0%</u>

Program: Intellectual Disabilities (continued)

Expenditures by State Center (Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget		2010-11 Actual	2011-12 Available	2012-13 Budget
Ebensburg				Selinsgrove			
State funds.....	\$ 19,049	\$ 23,690	\$ 25,625	State funds.....	\$ 20,378	\$ 26,346	\$ 28,588
Federal funds.....	42,457	35,764	37,239	Federal funds.....	45,777	39,621	41,433
Augmentations.....	6,353	6,607	6,646	Augmentations.....	7,369	7,401	7,455
TOTAL.....	\$ 67,859	\$ 66,061	\$ 69,510	TOTAL.....	\$ 73,524	\$ 73,368	\$ 77,476
Hamburg				White Haven			
State funds.....	\$ 9,309	\$ 12,100	\$ 12,901	State funds.....	\$ 11,721	\$ 14,730	\$ 15,924
Federal funds.....	20,644	18,234	18,768	Federal funds.....	25,851	21,956	22,775
Augmentations.....	2,715	2,920	2,982	Augmentations.....	3,804	3,896	3,970
TOTAL.....	\$ 32,668	\$ 33,254	\$ 34,651	TOTAL.....	\$ 41,376	\$ 40,582	\$ 42,669
Polk				Excess Funds/Budgetary Reserve			
State funds.....	\$ 18,679	\$ 24,791	\$ 25,982	State funds.....	\$ 0	\$ 3,189	\$ 0
Federal funds.....	43,232	38,817	39,167	Federal funds.....	1,631	12,525	6,281
Augmentations.....	6,977	7,020	7,098	Augmentations.....	0	0	0
TOTAL.....	\$ 68,888	\$ 70,628	\$ 72,247	TOTAL.....	\$ 1,631	\$ 15,714	\$ 6,281
Maintenance and security costs for closed facilities				Non-Facility/Other Operational costs			
State funds.....	\$ 490	\$ 619	\$ 0	State funds.....	\$ 801	\$ 845	\$ 858
Augmentations.....	57	0	0				
TOTAL.....	\$ 547	\$ 619	\$ 0				

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND			
Intellectual Disabilities - State Centers			
\$ -3,189	—nonrecurring 2011-12 budgetary freeze amount.		
4,818	—to continue current program.		
-316	—nonrecurring projects.		
2,255	—revision of federal financial participation from 55.07% to 54.28%.		
\$ 3,568	Appropriation Increase	\$ -145,774	Appropriation Decrease
Intellectual Disabilities - Intermediate Care Facilities			
\$ 3,223	—to continue current program.	\$ 9,740	
-3,148	—to annualize prior individuals transferring to the community program.	6,640	
-3,136	—to reflect 84 individuals transferring to the community program.	2,969	
-414	—change in provider assessments.	13,329	
2,677	—revision of federal financial participation from 55.07% to 54.28%.	-17,000	
\$ -798	Appropriation Decrease		
Intellectual Disabilities - Community Base Program			
\$ -1,451	—to continue current program.	544	
500	—nonrecurring ARRA enhanced federal financial participation.		
151	—revision of federal financial participation from 55.07% to 54.28%.		
-144,974	—Initiative—Human Services Development Fund Block Grant. Savings generated from the elimination of funding for county-	\$ 16,222	Appropriation Increase
	allocated community intellectual disabilities services from this appropriation. Eighty percent of these savings will be transferred to the Human Services Development Block Grant appropriation to provide local governments with increased flexibility to meet local needs.		
	Intellectual Disabilities - Community Waiver Program		
	—to continue current program.		
	—to annualize previous program revisions providing enhanced community services.		
	—to reflect 84 individuals transferring from the ICF/ID program.		
	—revision of federal financial participation from 55.07% to 54.28%.		
	—Initiative—High-Cost Case Reviews. Savings generated through intensive review and case management of high-cost consumers enrolled in medical assistance programs that reimburse for services based on utilization and fee schedules.		
	—Initiative—Adult Protective Services. To implement an adult protective services system to protect physically and cognitively impaired individuals ages 18 through 59.		

Program: Intellectual Disabilities (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

	\$	-788	Autism Intervention and Services —nonrecurring project.		\$	-18	Intellectual Disabilities - Lansdowne Residential Services —nonrecurring 2011-12 budgetary freeze amount.
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Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Intellectual Disabilities - State Centers	\$ 80,427	\$ 106,310	\$ 109,878	\$ 109,878	\$ 109,878	\$ 109,878	\$ 109,878
Intellectual Disabilities - Intermediate Care Facilities	110,444	143,803	143,005	143,005	143,005	143,005	143,005
Intellectual Disabilities - Community Base Program	155,958	166,520	20,746	20,746	20,746	20,746	20,746
Intellectual Disabilities - Community Waiver Program	672,376	854,863	871,085	871,085	871,085	871,085	871,085
Autism Intervention and Services	10,503	13,549	12,761	12,761	12,761	12,761	12,761
Intellectual Disabilities - Lansdowne Residential Services	390	358	340	340	340	340	340
TOTAL GENERAL FUND	\$ 1,030,098	\$ 1,285,403	\$ 1,157,815	\$ 1,157,815	\$ 1,157,815	\$ 1,157,815	\$ 1,157,815

PROGRAM OBJECTIVE: To enhance the social and economic well-being of families and individuals through the provision of an array of services and support programs.

Program: Human Services

The department operates a variety of programs designed to provide supportive services to people while they overcome an adverse behavior or circumstance that has affected their lives.

Program Element: Family Support Service

The Department of Public Welfare and county governments are jointly responsible for providing quality, effective services to children who are in need of care and protection. These services are state supervised and county administered. Each county is responsible for developing and implementing a program of services designed to treat and prevent child abuse, neglect and exploitation, and to provide services that reduce dependency and delinquency. The County Children and Youth program includes services to families and children to enable children to safely remain in their own homes and communities and develop natural supports and resources to gain self-sufficiency. The safety of children is the paramount concern of this program. Policies and procedures have been instituted to protect children from harm and to minimize time in foster homes and institutions. Court oversight for children who have been abused and neglected has been increased and new emphasis has been placed on parental responsibility for children.

Counties provide services such as in-home services, temporary placement for children who cannot live with their own families, assistance to provide a permanent legal family for children who cannot be returned to their own families, adoption assistance, day treatment services, child protective services, emergency shelter, counseling and juvenile detention.

Special programs have been developed to support the delivery of services by county child welfare agencies. One program provides equalized access to adoption or permanency services for all eligible children through a statewide adoption network. This program includes services to children who are in foster placement and cannot be returned to their birth parents.

The courts may order any service or care for children who have been adjudicated dependent or delinquent. This may include youth adjudicated delinquent but remanded to private residential treatment programs. Treatment is reviewed on a periodic basis.

Program Element: Youth Development Service

Pennsylvania's juvenile justice system is designed to minimize institutionalization while recognizing that confinement in a treatment environment is necessary for certain juveniles who pose a threat to themselves

or others. The court may sentence youth to either the Youth Development Center and Youth Forestry Camp (YDC/YFC) system or a private facility. Both systems provide residential programming in secure settings for Pennsylvania's serious juvenile offenders and those with serious at-risk behaviors. The purpose of the system is to bring about positive changes in the juveniles by helping them to develop skills and attitudes that will enable them to become responsible, productive members of society.

Administrative Complex	Population July 2010	Population July 2011	Population July 2012	Projected Capacity July 2012	Projected Percentage of Capacity July 2012
YFC-Hickory Run.....	32	36	40	49	81.6%
YFC-Trough Creek	44	47	45	50	90.0%
New Castle	141	125	125	152	82.2%
Loysville.....	219	219	223	271	82.3%
Total Current Program	436	427	433	522	83.0%

Included in the YDC/YFC system are specialized treatment services for sex offenders, drug and alcohol abusers, emotionally disturbed youth and those with developmental disabilities.

The Master Case Planning System guides treatment of youth within the YDCs/YFCs. This system requires comprehensive diagnosis and assessment of each youth in care, development of an individualized treatment plan, implementation strategies, periodic reviews and revisions of each plan, and identification of aftercare needs. Individual and group counseling forms the core of the treatment process.

The YDCs/YFCs emphasize programs and activities designed to promote youth competency, victim awareness, social and financial restitution, and public safety and protection. Each program provides training and education in daily living skills. Many YDCs/YFCs also provide actual job training and work experience opportunities where youth may be paid. Youth are required to use a portion of their earnings for restitution.

Education is a major component of the YDC/YFC system. Each program includes both academic and vocational curricula. Educational diagnostic testing precedes all academic placements and is used in the development of Individual Education Plans for each youth.

Program Element: Family Planning and Breast Cancer Screening

Family planning clinics provide educational, medical and social services to persons over age 16 to address contraceptive or infertility issues. Grants are provided to 200 clinics in the state.

Program: Human Services (continued)

Breast cancer screening for low-income women is directed toward those at high risk of developing breast cancer. The target group is new family planning clients, women 35 years and older, and women with a family history of breast cancer.

Program Element: Legal Services

The department provides low-income individuals assistance with family, consumer, employment and other civil legal problems. The emphasis of the service delivery is to provide emergency legal services in situations that threaten the basic needs of individuals. These services do not include political activities or services in criminal matters.

Program Element: Domestic Violence and Rape Crisis

Domestic violence services are provided through a contract with a statewide coalition, which in turn subcontracts for services at the local level. The services to victims of domestic violence include crisis intervention, counseling, victim advocacy, information and referral, and temporary shelter for victims and their dependent children. Prevention and education programs are provided by local groups to lessen the risk of domestic violence in the community.

Rape crisis services also are provided through a contract with a statewide coalition, which in turn subcontracts for services at the local level. Rape crisis programs provide

crisis intervention services, counseling, victim advocacy, information and referral, and accompaniment through police, medical and judicial systems. Educational programs are provided to lessen the risk of sexual assault for adults and children in the community.

Program Element: Homeless Assistance

The Homeless Assistance program operates through counties to provide temporary shelter to homeless individuals and rental assistance to those in immediate danger of becoming homeless. Shelter may be provided in large mass shelters or in hotels and motels through a voucher system.

Housing assistance can include a cash payment to an individual or family to prevent or end homelessness, or intervention to prevent homelessness where an eviction is imminent. In addition to preventing homelessness, housing assistance is available to move people out of temporary shelters into permanent housing.

Case management services are used to assure ongoing coordination with the client and to assist the client with activities needed for self-sufficient living.

Specialized residences for the mentally ill homeless are provided in a small number of counties with concentrations of these individuals. The program provides housing for an indefinite period of time, coupled with supportive services that will enable the client to move to a long-term semi-independent or independent living situation.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND				
	Youth Development Institutions and Forestry Camps		\$	-2,991	
\$ 605	—to continue current program.				
	County Child Welfare			661,730	
\$ 58,458	—for county needs-base budgets as mandated by Act 30 of 1991.				
-10,005	—nonrecurring 2011-12 budgetary freeze amount.				
-4,500	—Initiative—Foster Care Enhancements. Savings generated through increased federal funds to support additional youth ages 18 to 21 in foster care.		\$	658,739	<i>Appropriation Increase</i>
-48,533	—Initiative—Human Services Development Fund Block Grant. Savings generated from the elimination of funding for select county-allocated child welfare special grants from this appropriation. Eighty percent of these savings will be transferred to the Human Services Development Block Grant appropriation to provide local governments with increased flexibility to address local needs.		\$	-274	Legal Services
					—nonrecurring 2011-12 budgetary freeze amount.
\$ -4,580	<i>Appropriation Decrease</i>		\$	-20,551	Homeless Assistance
					—Initiative—Human Services Development Fund Block Grant. Savings generated from the elimination of funding for homeless assistance services from this appropriation. Eighty percent of these savings will be transferred to the Human Services Development Block Grant appropriation to provide local governments with increased flexibility to address local needs.

All other appropriations are recommended at the current year funding level.

Program: Human Services (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Youth Development Institutions and Forestry Camps	\$ 77,294	\$ 71,827	\$ 72,432	\$ 72,432	\$ 72,432	\$ 72,432	\$ 72,432
County Child Welfare.....	1,036,740	1,000,475	995,895	995,895	995,895	995,895	995,895
Domestic Violence.....	12,261	12,261	12,261	12,261	12,261	12,261	12,261
Rape Crisis.....	7,016	7,016	7,016	7,016	7,016	7,016	7,016
Breast Cancer Screening	1,623	1,623	1,623	1,623	1,623	1,623	1,623
Human Services Development Fund.....	23,243	14,956	673,695	673,695	673,695	673,695	673,695
Legal Services.....	3,009	2,735	2,461	2,461	2,461	2,461	2,461
Homeless Assistance	22,606	20,551	0	0	0	0	0
Facilities and Service Enhancements.....	1,757	0	0	0	0	0	0
TOTAL GENERAL FUND	\$ 1,185,549	\$ 1,131,444	\$ 1,765,383	\$ 1,765,383	\$ 1,765,383	\$ 1,765,383	\$ 1,765,383

PROGRAM OBJECTIVE: To promote opportunities for all Pennsylvania children and families by building systems and providing supports that help ensure access to high-quality child and family services.

Program: Child Development

The Department of Public Welfare, in conjunction with the Department of Education, promotes opportunities for all children and families by helping to ensure access to high-quality child and family services. The focus on effective prevention strategies and high-quality early childhood programs will help Pennsylvania mitigate the social and educational disparities of young children that influence their ability to attain economic independence and self-sufficiency as adults. In addition, research consistently shows that the economic and education benefits of quality early learning opportunities extend from participating children to their families and communities.

Recognizing that child care is a consumer driven system, the department developed standards by which families can select high-quality child care. Keystone STARS is the largest, most comprehensive, voluntary quality rating program in the nation. The department offers technical assistance, financial incentives for staff development and additional staff compensation to enhance salaries

for teachers who have achieved credentials in early childhood instruction. All child care facilities serving four or more children must meet health and safety standards and participate in the department’s certification program.

The subsidized child care program allows children of families receiving cash assistance through the Temporary Assistance for Needy Families (TANF) program, families formerly receiving TANF and low-income families to access child care while their parents are attending training or working. The subsidy program uses both state and federal funds to supplement parental co-payments and encourages families to be self-supporting and self-sufficient. Families can select subsidized child care from various facilities including licensed centers, group child care homes, registered family child care homes and relatives or neighbors. Local child care information service agencies offer families a choice of child care services and provide information/counseling on how to select quality early childhood services.

The Early Intervention program, for children from birth to age three, provides services and supports to children and their families to maximize the child’s development and to decrease the need for special education. These services are provided to the child and family in their home, community setting or early childhood education setting so that children are well prepared for school and life success.

The department also provides programs that help parents improve their child-rearing skills. The Nurse Family Partnership program is designed to serve low-income, at-risk pregnant teens and young women expecting their first child. Registered nurses work with low-income first time expectant mothers through the child’s second birthday to encourage healthy pregnancies and promote healthy child development. The Parent Child Home program provides home visitors to help parents learn how to read and play with their children in a way that promotes early learning and builds a positive parent-child bond.

Child Care Funding (Dollar Amounts in Thousands)	
	<u>2012-13</u>
Low-Income Working Families	
State Funds ¹	\$ 145,369
Federal Funds	<u>222,529</u>
Total	<u>\$ 367,898</u>
TANF Recipients / Former TANF Recipients	
State Funds ²	\$ 156,728
Federal Funds	192,071
Other Funds.....	<u>4,000</u>
Total.....	<u>\$ 352,799</u>
Grand Total	<u><u>\$ 720,697</u></u>

¹ Child Care Services appropriation.
² Child Care Assistance appropriation.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND		Child Care Services	
\$ 6,969	Early Intervention —to continue current program and annualize children added in 2011-12.	\$ -4,096	—annualization of prior year cost containment initiatives.
5,903	—nonrecurring ARRA federal funds used for direct services.	-4,800	—Initiative—Child Care Reimbursement Reform. Savings generated from a reduction in the number of paid absences and a decrease in the reimbursement rates for unregulated relative and neighbor care.
487	—revision of federal financial participation from 55.07% to 54.28%.		
<u>\$ 13,359</u>	<i>Appropriation Increase</i>	<u>\$ -8,896</u>	<i>Appropriation Decrease</i>

Program: Child Development (continued)

Program Recommendations: (continued) This budget recommends the following changes: (Dollar Amounts in Thousands)

Child Care Assistance	
\$ -2,507	—annualization of prior year cost containment initiatives.
-5,200	—Initiative—Child Care Reimbursement Reform. Savings generated from a reduction in the number of paid absences and a decrease in the reimbursement rates for unregulated relative and neighbor care.
<u>\$ -7,707</u>	<i>Appropriation Decrease</i>

All other appropriations are recommended at current year funding levels.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Early Intervention.....	\$ 96,452	\$ 106,429	\$ 119,788	\$ 119,788	\$ 119,788	\$ 119,788	\$ 119,788
Community Based Family Centers.....	6,258	3,258	3,258	3,258	3,258	3,258	3,258
Child Care Services.....	171,720	154,265	145,369	145,369	145,369	145,369	145,369
Child Care Assistance	189,582	164,435	156,728	156,728	156,728	156,728	156,728
Nurse Family Partnership.....	11,978	11,978	11,978	11,978	11,978	11,978	11,978
TOTAL GENERAL FUND	<u>\$ 475,990</u>	<u>\$ 440,365</u>	<u>\$ 437,121</u>	<u>\$ 437,121</u>	<u>\$ 437,121</u>	<u>\$ 437,121</u>	<u>\$ 437,121</u>

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Human Services Support							
Third-party liability cases referred for recovery	23,170	22,000	22,100	22,200	22,300	22,400	22,500
Total dollars recovered (in thousands)	\$138,073	\$126,000	\$127,000	\$128,000	\$129,000	\$130,000	\$131,000
Recipient appeals cases receiving final disposition	70,654	68,000	70,000	70,000	70,000	70,000	70,000
Provider appeals cases receiving final disposition	1,062	1,200	2,000	2,000	2,000	2,000	2,000
On-line applications submitted through COMPASS	701,859	839,139	963,470	1,087,805	1,212,135	1,336,470	1,460,800
Program: Medical Assistance							
Persons participating in Medical Assistance (monthly average)	2,135,477	2,161,905	2,167,615	2,187,920	2,208,415	2,229,105	2,249,990
Medical Assistance recipients served (monthly average): Fee-for-service delivery - Physical Health Only	890,404	877,468	857,490	785,625	748,390	708,975	667,280
Medical Assistance recipients served (monthly average): Average Managed Care Enrollment - Physical Health	1,245,073	1,284,437	1,310,125	1,402,295	1,460,025	1,520,130	1,582,710
Medical Assistance recipients served (monthly average): Average HealthChoices Behavioral Health enrollment	1,849,907	1,926,985	1,894,480	1,912,230	1,930,140	1,948,220	1,966,480
Outpatient							
Services/visits per 1,000 enrollees:							
Physician visits	2,505	2,440	2,440	2,440	2,440	2,440	2,445
Clinic visits	405	510	510	510	510	510	510
Emergency Room visits	440	555	555	555	555	555	555
Average prescriptions filled per enrollee per month	2.50	2.60	2.50	2.50	2.50	2.50	2.50
Percent of generic and over the counter prescriptions	75%	77%	77%	77%	77%	77%	77%
Percent of brand name prescriptions filled	25%	23%	23%	23%	23%	23%	23%
Average cost - generic and over the counter	\$12.05	\$13.63	\$14.60	\$16.05	\$17.65	\$19.65	\$21.50
Average cost - brand name	\$217.45	\$220.53	\$229.20	\$240.70	\$260.50	\$281.60	\$298.40
Inpatient							
Admissions per 1,000 enrollees:							
General Hospital	136	135	135	135	130	130	130
Rehabilitation Hospital	1	1	1	1	1	1	1
Private psychiatric hospital	4	4	4	4	4	4	4
Capitation							
Percent of children from birth to 15 months visiting a physician 3 or more times in the past year	94.80%	95.10%	96%	96.50%	97%	97.50%	98%

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Percent of children age 12 to 24 months visiting a doctor or nurse in the past year	96.10%	96%	97%	97.50%	98%	98.50%	99%
Percent of children 25 months to 6 years visiting a doctor or nurse in the past year	88%	86.80%	89.50%	90%	91%	91.50%	92%
Percent of pregnant women who received over 80% of the recommended prenatal visits	72.80%	72.60%	74.50%	75%	76%	76.50%	77%
Transportation Program							
One-way trips (in thousands)	11,470	11,557	12,099	12,099	12,099	12,099	12,099
Cost per trip	\$12.65	\$11.79	\$12.13	\$12.13	\$12.13	\$12.13	\$12.13
Medical Care for Workers with Disabilities							
Recipients Enrolled in Program (monthly average)	22,795	27,363	32,395	32,395	32,395	32,395	32,395

Persons participating in Medical Assistance (monthly average) is based on unduplicated recipient information from the department's data warehouse.

Program: Long Term Living

Long-Term Care

Recipients under age 60 receiving institutional care (annual unduplicated users)	7,625	8,234	8,295	8,360	8,420	8,485	8,550
Recipients over age 60 receiving institutional care (monthly average)	69,796	76,025	76,235	76,440	76,645	76,795	76,945
Percentage of long-term care recipients receiving institutional care	65%	65%	65%	65%	65%	65%	65%
Average monthly cost of nursing home care	\$4,982	\$4,841	\$4,945	\$4,945	\$4,945	\$4,945	\$4,945
Recipients over age 60 receiving home and community-based waiver services	23,968	23,225	23,610	23,610	23,610	23,610	23,610
Average monthly cost of home and community-based waiver services (age 60 age over)	\$1,740	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778	\$1,778
Percentage of long-term care recipients receiving services in the community	34%	35%	35%	35%	35%	35%	35%
Recipients receiving services through the LIFE program	3,658	4,366	5,365	5,365	5,365	5,365	5,365

Other Long-Term Living Services

Recipients under age 60 receiving attendant care services (Waiver and Act 150)	10,026	9,610	9,260	9,260	9,260	9,260	9,260
Persons with developmental disabilities served in the community	7,856	7,874	7,910	7,910	7,910	7,910	7,910

Program: Income Maintenance

Persons receiving cash assistance (monthly average)	248,173	252,585	193,050	194,980	196,930	198,895	200,885
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Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Persons receiving State Supplemental Grants (monthly average)	369,917	380,835	390,215	398,020	405,980	414,100	422,380
Households receiving energy cash payments	457,880	456,220	187,750	187,750	187,750	187,750	187,750
Households receiving energy crisis payments	129,537	136,986	54,195	54,195	54,195	54,195	54,195
TANF recipients enrolled in RESET employment and training program (monthly average)	21,347	21,984	21,985	21,985	21,985	21,985	21,985
TANF recipients obtaining employment	20,003	20,005	20,005	20,005	20,005	20,005	20,005
Child support orders established	389,038	389,000	390,000	393,000	396,000	400,000	400,000
Child support collected (in millions)	\$1,400	\$1,400	\$1,400	\$1,450	\$1,500	\$1,500	\$1,500
Program: Mental Health*							
Community Mental Health Services							
Total persons provided mental health services	649,375	651,870	651,870	651,870	651,870	651,870	651,870
Persons receiving mental health inpatient and outpatient services from community mental health funds (unduplicated)	195,650	194,400	194,400	194,400	194,400	194,400	194,400
Persons receiving services through Medical Assistance expenditures (fee for service and HealthChoices) (unduplicated)	428,225	432,220	432,220	432,220	432,220	432,220	432,220
Persons receiving services through BHSI funds (unduplicated)	25,500	25,250	25,250	25,250	25,250	25,250	25,250
Average cost per person served	\$3,855	\$3,845	\$3,845	\$3,845	\$3,845	\$3,845	\$3,845
Substance Abuse Services							
Total persons receiving DPW administered substance abuse services	147,520	148,800	148,800	148,800	148,800	148,800	148,800
Persons receiving services through Medical Assistance expenditures (fee-for-service and HealthChoices) (unduplicated)	95,020	97,000	97,000	97,000	97,000	97,000	97,000
Non-hospital detoxification and rehabilitation clients	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Persons receiving services through BHSI funds (unduplicated)	46,500	45,800	45,800	45,800	45,800	45,800	45,800
Average cost per person served	\$2,055	\$2,055	\$2,055	\$2,055	\$2,055	\$2,055	\$2,055
State Mental Hospitals							
Total persons served in State Mental Hospitals	2,657	2,620	2,620	2,620	2,620	2,620	2,620
Total admissions to State Mental Hospitals	941	935	935	935	935	935	935
Cost per person in State Mental Hospital population	\$142,160	\$142,160	\$142,160	\$142,160	\$142,160	\$142,160	\$142,160
Forensic admissions to State Mental Hospitals	384	380	380	380	380	380	380

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Percentage of adults readmitted to State Mental Hospitals within one year of last discharge	10%	9%	9%	9%	9%	9%	9%
Percentage of persons in State Mental Hospitals with stay longer than two years	38%	37%	36%	36%	35%	35%	35%
Program: Intellectual Disabilities*							
Persons receiving Autism services during fiscal year	323	400	400	400	400	400	400
Persons receiving Intellectual Disability services during fiscal year	53,455	53,416	53,375	53,335	53,295	53,255	53,215
Persons receiving residential services (at end of year):							
Private ID/ICF	2,512	2,486	2,370	2,290	2,290	2,290	2,290
State Centers	1,195	1,161	1,070	1,030	990	950	910
Persons receiving Intellectual Disability services during fiscal year: Home and Community Services	50,515	50,541	50,705	50,790	50,790	50,790	50,790
Average cost of individuals served in the community:							
Residential Services	\$102,490	\$102,010	\$104,050	\$104,050	\$104,050	\$104,050	\$104,050
Non-residential services (Day programs or other supports)	\$14,670	\$14,192	\$14,790	\$14,790	\$14,790	\$14,790	\$14,790
Program: Human Services*							
Youth Development Centers							
Youth served	1,105	1,100	1,100	1,100	1,100	1,100	1,100
Occupancy rates	77%	80%	80%	80%	80%	80%	80%
Youth in work experience	622	600	600	600	600	600	600
Family Support Services							
Unduplicated annual number of children receiving child welfare services at home	168,821	171,353	173,925	176,530	179,180	181,870	184,595
Out of home placements in:							
Community residential programs	23,373	22,905	22,445	22,000	21,560	21,125	20,705
In-state institutional care programs (annual unduplicated recipients)	3,328	3,295	3,260	3,230	3,195	3,165	3,135
Children in out of state programs	311	302	290	285	275	265	260
Percentage of children reunited with parents or primary caregiver within twelve months of placement	48.30%	48.80%	49.50%	50%	50.50%	51%	51.50%
Percentage of children not returning to care within 12 months of discharge to parents or primary caregivers	68.70%	70.50%	71%	71.50%	71.50%	71.50%	71.50%
Finalized Adoptions	2,171	2,193	2,215	2,235	2,260	2,280	2,305
Children reaching permanency outside of adoption	1,549	1,572	1,595	1,620	1,645	1,670	1,695
Investigations of reported child abuse	23,935	23,576	23,220	22,875	22,530	22,195	21,860

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Percentage of child abuse investigations substantiated	14.80%	15%	15%	15%	15%	15%	15%
Homeless Assistance							
Total persons receiving homeless services	91,305	110,000	110,000	110,000	110,000	110,000	110,000
Human Services							
Domestic violence victims served	46,408	46,410	46,410	46,410	46,410	46,410	46,410
Rape crisis/sexual assault persons served	23,875	23,875	23,875	23,875	23,875	23,875	23,875
Breast cancer screening clients	114,455	114,455	114,455	114,455	114,455	114,455	114,455
Legal service clients	18,732	20,325	20,325	20,325	20,325	20,325	20,325
Program: Child Development							
Child Development							
Children enrolled in Keystone STARS facilities	168,230	168,230	168,230	168,230	168,230	168,230	168,230
Number of Keystone STARS facilities	4,252	4,250	4,250	4,250	4,250	4,250	4,250
Percent of child care centers participating in Keystone STARS	67%	70%	70%	70%	70%	70%	70%
Children participating in subsidized child care (unduplicated)	257,735	253,005	250,010	250,010	250,010	250,010	250,010
Children participating in subsidized child care (monthly average):							
Welfare/TANF Families	37,753	35,940	35,940	35,940	35,940	35,940	35,940
Former TANF Families	32,753	32,440	32,440	32,440	32,440	32,440	32,440
Low-income working families	63,575	62,680	62,315	62,315	62,315	62,315	62,315
Percentage of children participating in subsidized child care enrolled in a department regulated setting:							
TANF Families	82%	80%	80%	80%	80%	80%	80%
Former TANF Families	75%	75%	75%	75%	75%	75%	75%
Low-income working families	83%	85%	85%	85%	85%	85%	85%
Early Intervention							
Children participating in Early Intervention (EI) services	34,385	35,300	35,300	35,300	35,300	35,300	35,300
Children who met their individual goals and no longer needed EI services prior to their third birthday	3,815	4,210	4,210	4,210	4,210	4,210	4,210
Children who met their individual goals at their third birthday and no longer needed EI services	740	740	740	740	740	740	740
Percent of EI children served in typical early childhood educational settings (e.g. home, child care, Head Start)	99%	99%	99%	99%	99%	99%	99%

* It is anticipated that these measures will change as a result of the Human Services Development Fund Block Grant initiative.

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DEPARTMENT OF REVENUE

The mission of the Department of Revenue is to administer the tax laws of the commonwealth in a fair and equitable manner. The Department of Revenue also administers the state lottery which generates funds for programs that benefit older Pennsylvanians.

The Department of Revenue collects all tax levies as well as various fees, fines and other monies due the commonwealth. The department also supervises the administration and collection of monies for the first and second class county sales tax and various special funds.

The department prepares the official estimates of the tax yield due the commonwealth and analyzes the effect on revenues of proposed changes in either the laws or the tax structure of the commonwealth.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 129,833	\$ 132,538	\$ 124,554
(A)Cigarette Fines and Penalties.....	33	40	33
(A)Cigarette Tax Enforcement.....	0	740	740
(A)Services to Special Funds.....	12,003	12,003	11,023
(A)EDP and Staff Support.....	6,932	6,512	7,133
(A)Tax Information.....	978	950	950
(A)Private Letter Valuation Charges.....	0	1	1
(A)Local Sales Tax.....	3,503	3,371	4,171
(A)Small Games of Chance.....	194	205	205
(A)Reimbursed Costs from Other Agencies.....	1,906	2,200	2,253
(A)BTFT - Fines and Penalties.....	94	200	100
(A)RTT Local Collection.....	307	165	280
(A)Sale of Equipment.....	2	10	10
(A)Reimbursement for Tax Amnesty Admin.....	1,900	0	0
(A)Enhanced Revenue Collections.....	3,900	4,300	10,000
Commissions - Inheritance & Realty Transfer Taxes (EA).....	6,431	7,156	7,156
Technology and Process Modernization.....	15,869	21,450	20,450
Subtotal - State Funds.....	\$ 152,133	\$ 161,144	\$ 152,160
Subtotal - Augmentations.....	31,752	30,697	36,899
Total - General Government.....	<u>\$ 183,885</u>	<u>\$ 191,841</u>	<u>\$ 189,059</u>
<i>Grants and Subsidies:</i>			
Distribution of Public Utility Realty Tax.....	\$ 30,628	\$ 32,160	\$ 32,976
STATE FUNDS.....	\$ 182,761	\$ 193,304	\$ 185,136
AUGMENTATIONS.....	31,752	30,697	36,899
GENERAL FUND TOTAL.....	<u>\$ 214,513</u>	<u>\$ 224,001</u>	<u>\$ 222,035</u>
MOTOR LICENSE FUND:			
<i>General Government:</i>			
Collections - Liquid Fuels Tax.....	\$ 14,003	\$ 15,218	\$ 16,068
(F)Federal Fuel Tax Evasion Project (EA).....	0	250	0
Subtotal - State Funds.....	\$ 14,003	\$ 15,218	\$ 16,068
Subtotal - Federal Funds.....	0	250	0
Total - General Government.....	<u>\$ 14,003</u>	<u>\$ 15,468</u>	<u>\$ 16,068</u>
<i>Refunds:</i>			
Refunding Liquid Fuels Tax (EA).....	\$ 11,000	\$ 11,000	\$ 11,000
STATE FUNDS.....	\$ 25,003	\$ 26,218	\$ 27,068
FEDERAL FUNDS.....	0	250	0
MOTOR LICENSE FUND TOTAL.....	<u>\$ 25,003</u>	<u>\$ 26,468</u>	<u>\$ 27,068</u>
LOTTERY FUND:			
<i>General Government:</i>			
General Operations (EA).....	\$ 36,825	\$ 39,897	\$ 39,897
(A)License Fees.....	145	147	146
(A)Annuity Assignment Fees.....	16	6	16
(A)Sale of Automobiles.....	0	2	0
Lottery Advertising (EA).....	36,862	37,000	37,000
(A)PowerBall Advertising Reimbursement.....	0	200	0
Property Tax Rent Rebate - General Operations (EA).....	13,041	13,847	13,847
On-Line Vendor Commissions (EA).....	30,839	30,653	32,923

Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
Instant Vendor Commissions (EA).....	22,132	21,032	23,400
Payment of Prize Money (EA).....	308,841	347,414	343,730
Subtotal - State Funds.....	\$ 448,540	\$ 489,843	\$ 490,797
Subtotal - Augmentations.....	161	355	162
Total - General Government.....	<u>\$ 448,701</u>	<u>\$ 490,198</u>	<u>\$ 490,959</u>
Grants and Subsidies:			
Property Tax & Rent Assistance for Older Pennsylvanians (EA).....	\$ 283,395	\$ 283,900	\$ 286,100
STATE FUNDS.....	\$ 731,935	\$ 773,743	\$ 776,897
AUGMENTATIONS.....	161	355	162
LOTTERY FUND TOTAL.....	<u>\$ 732,096</u>	<u>\$ 774,098</u>	<u>\$ 777,059</u>
RACING FUND:			
General Government:			
Collections - State Racing (EA).....	\$ 222	\$ 238	\$ 238
OTHER FUNDS:			
PROPERTY TAX RELIEF FUND:			
Transfer to the State Lottery Fund.....	\$ 0 ^a	\$ 0 ^a	\$ 0 ^a
STATE GAMING FUND:			
(R)General Operations.....	\$ 9,942	\$ 9,501	\$ 9,501
Transfer to Compulsive/Problem Gambling Treatment Fund (EA).....	0 ^b	0 ^b	0 ^b
Transfer to the Property Tax Relief Fund (EA).....	0 ^c	0 ^c	0 ^c
STATE GAMING FUND TOTAL.....	<u>\$ 9,942</u>	<u>\$ 9,501</u>	<u>\$ 9,501</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 182,761	\$ 193,304	\$ 185,136
SPECIAL FUNDS.....	757,160	800,199	804,203
FEDERAL FUNDS.....	0	250	0
AUGMENTATIONS.....	31,913	31,052	37,061
OTHER FUNDS.....	9,942	9,501	9,501
TOTAL ALL FUNDS.....	<u>\$ 981,776</u>	<u>\$ 1,034,306</u>	<u>\$ 1,035,901</u>

^a Not added to the total to avoid double counting with the program expenditures from the Lottery Fund: 2010-11 Actual is \$165,900,000; 2011-12 Available is \$164,100,000; and 2012-13 Budget is \$166,800,000.

^b Not added to the total to avoid double counting with the program expenditures from the Compulsive and Problem Gambling Treatment Fund shown in the Department of Health and the Department of Drug and Alcohol Programs: 2010-11 Actual is \$4,775,000; 2011-12 Available is \$7,590,000; and 2012-13 Budget is \$7,800,000 (including \$3,000,000 for Drug and Alcohol Treatment Services in each of those fiscal years).

^c Not added to the total to avoid double counting with the program expenditures from the Property Tax Relief Fund shown in the Department of Education: 2010-11 Actual is \$616,500,000; 2011-12 Available is \$612,100,000; and 2012-13 Budget is \$612,100,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
REVENUE COLLECTION AND ADMINISTRATION							
GENERAL FUND.....	\$ 152,133	\$ 161,144	\$ 152,160	\$ 146,794	\$ 143,743	\$ 133,253	\$ 133,796
SPECIAL FUNDS.....	473,765	516,299	518,103	522,858	524,429	525,006	525,760
FEDERAL FUNDS.....	0	250	0	0	0	0	0
OTHER FUNDS.....	41,855	40,553	46,562	46,562	46,562	46,562	46,562
SUBCATEGORY TOTAL.....	\$ 667,753	\$ 718,246	\$ 716,825	\$ 716,214	\$ 714,734	\$ 704,821	\$ 706,118
COMMUNITY DEVELOPMENT AND PRESERVATION							
GENERAL FUND.....	\$ 30,628	\$ 32,160	\$ 32,976	\$ 34,624	\$ 36,536	\$ 38,173	\$ 40,082
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 30,628	\$ 32,160	\$ 32,976	\$ 34,624	\$ 36,536	\$ 38,173	\$ 40,082
HOMEOWNERS AND RENTERS ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	283,395	283,900	286,100	287,100	288,300	289,400	290,600
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 283,395	\$ 283,900	\$ 286,100	\$ 287,100	\$ 288,300	\$ 289,400	\$ 290,600
ALL PROGRAMS:							
GENERAL FUND.....	\$ 182,761	\$ 193,304	\$ 185,136	\$ 181,418	\$ 180,279	\$ 171,426	\$ 173,878
SPECIAL FUNDS.....	757,160	800,199	804,203	809,958	812,729	814,406	816,360
FEDERAL FUNDS.....	0	250	0	0	0	0	0
OTHER FUNDS.....	41,855	40,553	46,562	46,562	46,562	46,562	46,562
DEPARTMENT TOTAL.....	\$ 981,776	\$ 1,034,306	\$ 1,035,901	\$ 1,037,938	\$ 1,039,570	\$ 1,032,394	\$ 1,036,800

PROGRAM OBJECTIVE: To assure the availability of resources for the commonwealth's programs through the equitable and efficient administration of Pennsylvania's revenue system.

Program: Revenue Collection and Administration

This program administers the commonwealth's revenue statutes by assessing and collecting various taxes. Major revenue sources for the General Fund include corporation, personal income, inheritance, sales and use, cigarette, beverage and realty transfer taxes. Tax revenue is also collected for the first and second class county sales taxes and for the Motor License, Racing and Gaming Funds.

The department continues to expand the use of automated procedures thereby permitting quick deposit of funds and review of a tax return's accuracy. It has added automated processes that assist taxpayers in filing accurately and more efficiently. These include the Electronic Tax and Data Exchange System (E-TIDES) and an Internet system for filing business taxes such as sales tax, employer withholding tax, liquid fuels tax, fuel tax and corporation tax extensions and estimates. There are also three electronic systems for filing and payment of personal

income tax: by Internet (PA Direct File) by federal / state e-file which allows for the simultaneous filing of federal and state returns; and by telephone (Telefile). Revenue collection efforts are being enhanced to improve violation enforcement and improve business practices. To ensure fairness in tax administration, the department audits and verifies tax returns to detect fraud and non-filers. In addition, there is an extensive delinquent tax collection effort that involves automation as well as traditional tax collection methods.

This program is responsible for the administration of the State Lottery. Through a network of private retailers, the commonwealth sells lottery tickets, the proceeds of which support programs for older Pennsylvanians. Recent expansions include participation in the multi-state Powerball and Mega Millions games, mid-day drawings and Player-Activated Terminal installations.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND		LOTTERY FUND	
General Government Operations		On-Line Vendor Commissions (EA)	
\$ -4,191	—nonrecurring 2011-12 budgetary freeze amount.	\$ 2,270	—based on the latest projection of program requirements.
-2,943	—decrease in administrative costs.		
-850	—Initiative — Streamlining Government. Collection and Process Simplifications.	\$ 2,368	Instant Vendor Commissions (EA)
<u> </u>			—based on the latest projection of program requirements.
\$ -7,984	<i>Appropriation Decrease</i>		
	Technology and Process Modernization	\$ -3,684	Payment of Prize Money (EA)
\$ -1,000	—decrease in current project costs.		—based on the latest projection of program requirements.
	MOTOR LICENSE FUND		
	Collections - Liquid Fuels Tax		
\$ 850	—Initiative — Motor Fuel Tax Compliance Strategy. To enhance collection capabilities and streamline organizational processes to achieve higher compliance.		

All other appropriations are recommended at the current funding level.

Program: Revenue Collection and Administration (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 129,833	\$ 132,538	\$ 124,554	\$ 124,554	\$ 124,554	\$ 124,554	\$ 124,554
Commissions - Inheritance & Realty Transfer Taxes (EA)	6,431	7,156	7,156	7,740	8,189	8,699	9,242
Technology and Process Modernization....	15,869	21,450	20,450	14,500	11,000	0	0
TOTAL GENERAL FUND	\$ 152,133	\$ 161,144	\$ 152,160	\$ 146,794	\$ 143,743	\$ 133,253	\$ 133,796
MOTOR LICENSE FUND:							
Collections - Liquid Fuels Tax.....	\$ 14,003	\$ 15,218	\$ 16,068	\$ 16,968	\$ 15,968	\$ 15,618	\$ 15,218
Refunding Liquid Fuels Tax (EA)	11,000	11,000	11,000	11,000	11,000	11,000	11,000
TOTAL MOTOR LICENSE FUND.....	\$ 25,003	\$ 26,218	\$ 27,068	\$ 27,968	\$ 26,968	\$ 26,618	\$ 26,218
LOTTERY FUND:							
General Operations (EA)	\$ 36,825	\$ 39,897	\$ 39,897	\$ 40,105	\$ 40,314	\$ 40,526	\$ 40,740
Lottery Advertising (EA).....	36,862	37,000	37,000	37,000	37,000	37,000	37,000
Property Tax Rent Rebate - General Operations (EA)	13,041	13,847	13,847	13,907	13,968	14,029	14,091
On-Line Vendor Commissions (EA).....	30,839	30,653	32,923	33,002	33,071	33,099	33,153
Instant Vendor Commissions (EA).....	22,132	21,032	23,400	23,594	23,693	23,695	23,792
Payment of Prize Money (EA)	308,841	347,414	343,730	347,044	349,177	349,801	350,528
TOTAL LOTTERY FUND.....	\$ 448,540	\$ 489,843	\$ 490,797	\$ 494,652	\$ 497,223	\$ 498,150	\$ 499,304
RACING FUND:							
Collections - State Racing (EA)	\$ 222	\$ 238	\$ 238	\$ 238	\$ 238	\$ 238	\$ 238

PROGRAM OBJECTIVE: To equitably distribute the Public Utility Realty Tax to all reporting local taxing authorities.

Program: Community Development and Preservation

A 1968 amendment to the state constitution exempted public utilities from locally administered property taxes and authorized the collection of a similar statewide tax known as the Public Utility Realty Tax. The proceeds of the tax are distributed to each local taxing authority thereby providing local revenue while ensuring fair treatment for utilities. Act 4 of 1999 revised the definition of public utility property and specifically removed, after December 31, 1999, electricity generation facilities from the definition. This was done in

conjunction with electric deregulation which opened market competition and changed previous public utility definitions for power generation.

The distribution is based on the ratio between the total tax receipts of a local taxing authority and the total tax receipts of all reporting tax authorities. This ratio is then applied to the total amount of taxes that reporting authorities could have collected had they been able to directly tax public utility realty.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

\$ 816 **Distribution of Public Utility Realty Tax**
—reflects normal fluctuations in tax assessments.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Distribution of Public Utility Realty Tax	\$ 30,628	\$ 32,160	\$ 32,976	\$ 34,624	\$ 36,536	\$ 38,173	\$ 40,082

PROGRAM OBJECTIVE: To increase economic stability by assisting eligible Pennsylvania citizens to maintain their homes.

Program: Homeowners and Renters Assistance

This program allows Pennsylvanians 65 years of age or older, surviving spouses over 50 and permanently disabled citizens 18 years of age or older to lead fuller lives by restoring a portion of their income through property tax and rent rebate assistance.

Act 53 of 1985 set the income ceiling for program eligibility at \$15,000 per household. The assistance declines from a maximum benefit of 100 percent of the tax or \$500 whichever is less. Act 30 of 1999 excludes 50 percent of Social Security Income and Railroad Retirement

Benefits from the income eligibility calculation. In 2010-11, the average tax assistance payment was \$434.28, and the average rent rebate was \$533.73.

Act 1 of Special Session No. 1 of 2006 expanded the Property Tax / Rent Rebate program to give more Pennsylvanians a rebate while also increasing the amounts of the rebates. The expansion includes increasing the household income limit from \$15,000 to \$35,000 and increasing the maximum rebate from \$500 to \$650.

Program Recommendation:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Property Tax & Rent Assistance for Older Pennsylvanians (EA)
 \$ 2,200 —based on current estimates for increased participation.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
LOTTERY FUND:							
Property Tax & Rent Assistance for Older Pennsylvanians (EA).....	\$ 283,395	\$ 283,900	\$ 286,100	\$ 287,100	\$ 288,300	\$ 289,400	\$ 290,600

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Revenue Collection and Administration							
Active accounts by tax type							
Corporation	367,775	370,000	370,000	370,000	370,000	370,000	370,000
Sales and Use	343,237	348,000	354,000	360,000	366,000	372,000	378,000
Employer	366,682	368,000	369,000	371,000	372,000	374,000	376,000
Personal Income Tax	6,136,308	6,100,000	6,100,000	6,100,000	6,100,000	6,100,000	6,100,000
Liquid Fuels	904	875	875	900	900	925	950
Motor Carrier - IFTA	12,866	12,800	12,875	13,000	13,000	13,250	13,250
Motor Carrier - Pennsylvania only	12,084	12,100	12,250	12,500	12,500	12,750	12,750
Personal Income Tax							
Returns Processed	5,999,392	6,100,000	6,100,000	6,100,000	6,100,000	6,100,000	6,100,000
Total electronic	3,699,817	4,000,000	4,050,000	4,100,000	4,150,000	4,200,000	4,250,000
Total paper	2,299,575	2,100,000	2,050,000	2,000,000	1,950,000	1,900,000	1,850,000
Pass Through Business (PTB) assessments							
Assessments as a result of PTB action (in millions)	\$128	\$130	\$130	\$130	\$130	\$130	\$130
Assessment collections as a result of PTB action (in millions)	\$28	\$39	\$39	\$39	\$39	\$39	\$39
Delinquent Collections							
Collections from delinquent accounts (in millions)	\$673	\$675	\$680	\$685	\$690	\$695	\$700
Delinquent taxes collected per dollar spent	\$10.78	\$10.46	\$10.69	\$10.32	\$9.94	\$9.60	\$9.25
Board of Appeals							
Appeals filed with the Board of Appeals (all tax types)	24,090	24,250	24,250	24,250	24,250	24,250	24,250
Average time to close Board of Appeals cases (in days)	88	80	80	80	80	80	80
Taxpayer Services							
Electronic business tax registrations as a percentage of the total	86%	87%	88%	89%	90%	91%	92%
Taxpayer Service and Information Center calls answered	369,974	400,000	400,000	400,000	400,000	400,000	400,000
Use and Cigarette Tax							
Use Tax Compliance Program Collections	\$45,910,821	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000	\$30,000,000

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Business License Information							
Increase in delinquent tax collections	\$499,908	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Lottery Operations							
Lottery operating costs as a percentage of ticket sales (includes advertising and commissions)	3.94%	3.90%	3.94%	3.94%	3.93%	3.92%	3.92%
Lottery operating costs as a percentage of ticket sales (includes cost of lottery administration only)	1.15%	1.21%	1.19%	1.18%	1.18%	1.18%	1.19%

Use Tax Compliance Program Collections decrease from the actual year due to diminishing returns from compliance activities.

Program: Community Development and Preservation

Taxing authorities receiving funds	2,908	2,961	3,052	3,052	3,052	3,052	3,052
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Program: Homeowners and Renters Assistance

Households provided property tax or rent assistance	604,130	605,000	606,000	607,000	607,000	608,000	609,000
Households applying by June 30	574,461	575,000	576,000	577,000	577,000	578,000	578,000
Rebates mailed by July 31	544,137	538,000	539,000	540,000	540,000	541,000	542,000

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SECURITIES COMMISSION

This budget recommends transferring the functions of the Securities Commission to the proposed Department of Banking and Securities.

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Summary by Fund and Appropriation

	(Dollar Amounts in Thousands)		
	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 1,123	\$ 1,031	\$ 0 ^a
(A)Consumer Protection	9,555	8,186	0 ^a
Subtotal - State Funds.....	\$ 1,123	\$ 1,031	\$ 0
Subtotal - Augmentations.....	9,555	8,186	0
Total - General Government.....	<u>\$ 10,678</u>	<u>\$ 9,217</u>	<u>\$ 0</u>
STATE FUNDS.....	\$ 1,123	\$ 1,031	\$ 0
AUGMENTATIONS.....	9,555	8,186	0
GENERAL FUND TOTAL.....	<u>\$ 10,678</u>	<u>\$ 9,217</u>	<u>\$ 0</u>

^a Funding for this program has been transferred to the General Government Operations appropriation in the Department of Banking and Securities.

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DEPARTMENT OF STATE

The mission of the Department of State is to monitor and enforce the standards of ethics and competence in a variety of areas, including professional licensure, corporate law, charitable solicitation, the electoral process and professional boxing and wrestling.

The Department of State is administered by the Secretary of the Commonwealth and includes the Bureau of Charitable Organizations, the Bureau of Commissions, Elections and Legislation, the Corporation Bureau, the State Athletic Commission, the Bureau of Enforcement and Investigation and the Bureau of Professional and Occupational Affairs, which provides support to 29 professional and occupational licensing boards.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
General Government:			
General Government Operations.....	\$ 3,277	\$ 3,080	\$ 3,369
(F)Federal Election Reform.....	38,000	37,000	34,809
(F)Election Data Collection.....	1,409	0	0
(A)Departmental Services.....	0 ^a	0 ^a	0 ^a
(R)Professional and Occupational Affairs.....	37,632 ^b	35,552 ^b	37,072 ^b
(R)State Board of Medicine.....	6,393 ^b	6,665 ^b	6,948 ^b
(R)State Board of Osteopathic Medicine.....	973 ^b	960 ^b	1,006 ^b
(R)State Board of Podiatry.....	189 ^b	189 ^b	198 ^b
(R)State Athletic Commission.....	506 ^b	509 ^b	509 ^b
(R)Corporation Bureau (EA).....	4,918 ^c	5,016 ^c	8,533 ^c
Subtotal.....	<u>\$ 93,297</u>	<u>\$ 88,971</u>	<u>\$ 92,444</u>
Statewide Uniform Registry of Electors.....	3,813	3,775	4,257
Voter Registration.....	459	451	451
(F)Elections Assistance - Grants to Counties.....	2,242	1,800	1,808
Subtotal.....	<u>\$ 2,701</u>	<u>\$ 2,251</u>	<u>\$ 2,259</u>
Lobbying Disclosure.....	357	687	562
Electoral College.....	0	0	10
Publishing State Reapportionment Maps.....	0	1,400	0
Publishing Federal Reapportionment Maps.....	0	300	0
Subtotal - State Funds.....	\$ 7,906	\$ 9,693	\$ 8,649
Subtotal - Federal Funds.....	41,651	38,800	36,617
Subtotal - Restricted Revenues.....	50,611	48,891	54,266
Total - General Government.....	<u>\$ 100,168</u>	<u>\$ 97,384</u>	<u>\$ 99,532</u>
Grants and Subsidies:			
Voting of Citizens in Military Service.....	\$ 39	\$ 40	\$ 60
County Election Expenses (EA).....	397	393	150
Total - Grants and Subsidies.....	<u>\$ 436</u>	<u>\$ 433</u>	<u>\$ 210</u>
STATE FUNDS.....	\$ 8,342	\$ 10,126	\$ 8,859
FEDERAL FUNDS.....	41,651	38,800	36,617
RESTRICTED REVENUES.....	50,611	48,891	54,266
GENERAL FUND TOTAL.....	<u>\$ 100,604</u>	<u>\$ 97,817</u>	<u>\$ 99,742</u>
OTHER FUNDS:			
GENERAL FUND:			
Lobbying Disclosure (R).....	\$ 490	\$ 175	\$ 300
REAL ESTATE RECOVERY FUND:			
Real Estate Recovery Payments (EA).....	\$ 196	\$ 150	\$ 150

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 8,342	\$ 10,126	\$ 8,859
SPECIAL FUNDS.....	0	0	0
FEDERAL FUNDS.....	41,651	38,800	36,617
RESTRICTED.....	50,611	48,891	54,266
OTHER FUNDS.....	686	325	450
TOTAL ALL FUNDS.....	\$ 101,290	\$ 98,142	\$ 100,192

^a Not added to the total to avoid double counting: 2010-11 Actual is \$4,317,000, 2011-12 Available is \$5,171,000 and 2012-13 Budget is \$4,629,000.

^b Appropriated from restricted revenue account.

^c Executive Authorization from a restricted revenue account.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
CONSUMER PROTECTION							
GENERAL FUND.....	\$ 8,342	\$ 10,126	\$ 8,859	\$ 8,849	\$ 8,849	\$ 8,849	\$ 8,859
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	41,651	38,800	36,617	36,617	36,617	36,617	36,617
OTHER FUNDS.....	51,297	49,216	54,716	51,716	51,716	51,716	51,716
SUBCATEGORY TOTAL.....	<u>\$ 101,290</u>	<u>\$ 98,142</u>	<u>\$ 100,192</u>	<u>\$ 97,182</u>	<u>\$ 97,182</u>	<u>\$ 97,182</u>	<u>\$ 97,192</u>
ALL PROGRAMS:							
GENERAL FUND.....	\$ 8,342	\$ 10,126	\$ 8,859	\$ 8,849	\$ 8,849	\$ 8,849	\$ 8,859
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	41,651	38,800	36,617	36,617	36,617	36,617	36,617
OTHER FUNDS.....	51,297	49,216	54,716	51,716	51,716	51,716	51,716
DEPARTMENT TOTAL.....	<u>\$ 101,290</u>	<u>\$ 98,142</u>	<u>\$ 100,192</u>	<u>\$ 97,182</u>	<u>\$ 97,182</u>	<u>\$ 97,182</u>	<u>\$ 97,192</u>

PROGRAM OBJECTIVE: To protect the consumer from fraudulent solicitation and unqualified professional and occupational practitioners and establishments.

Program: Consumer Protection

The Department of State administers several programs within the Consumer Protection program.

Program Element: Protection of the Electoral Process

This program ensures the efficiency, honesty and uniformity in the administration of the Election Code. Act 25 of 1995, the Pennsylvania Voter Registration Act, integrated voter registration into driver's license applications and made other voter registration changes to comply with the National Voter Registration Act. Nomination petitions for statewide and legislative offices are reviewed for compliance with statutory standards and are processed for inclusion on the ballot. As required by the Election Code, committees file campaign expense reports and the public is provided the opportunity to review the reports. The department tabulates, publishes and disseminates statistics for both voter registration and all elections; it also serves as the repository of the maps and descriptions of the commonwealth's approximately 9,300 election precincts.

Act 61 of 2001 amended the Pennsylvania Voter Registration Act and requires the department to develop and maintain a Statewide Uniform Registry of Electors (SURE) – an integrated voter registration database containing all electors in the commonwealth. The act also created an advisory board to establish the requirements of a SURE system.

Other program functions include commissioning gubernatorial appointees to boards and commissions and preparing commissions for judges, magisterial district judges and notaries public, as well as enforcement of the Notary Public Law. In addition, the department maintains a record of all legislation passed by the General Assembly by docketing the bills and assigning act numbers.

Act 134 of 2006, the Lobbying Disclosure Act, assigns registration and monitoring duties to the department. The act requires that the department receive filings and reports from lobbyists, make this information available to the public, have the information on a Web site, produce annual reports and a biennial directory, conduct audits and provide administrative assistance to the regulating committee.

Program Element: Protection by Professional Licensing

This program ensures that acceptable professional and technical services are provided to the commonwealth's residents. To accomplish this, 29 boards of the Bureau of Professional and Occupational Affairs utilize licensing, enforcement and administrative authority to regulate

and service the various professions. The department investigates complaints against licensees for legal or ethical violations that may result in disciplinary action by the boards.

Mechanisms used in controlling the quality of practitioners include regulating education; experience and degree of technical expertise demonstrated through applications; and subsequent written examination and/or demonstrated practical ability. Requirements for continuing education also serve as a means of meeting the constantly changing developments in the various professions and occupations.

Act 124 of 1978 created a restricted Professional Licensure Augmentation Account enabling this program to be funded from fees and fines collected by the Bureau of Professional and Occupational Affairs. Thus, the bureau operates entirely out of restricted funds, considered for budgetary purposes as Other Funds, rather than from a General Fund appropriation.

Act 13 of 2002, the Medical Care Availability and Reduction of Error Act, further provides for medical malpractice liability insurance, tort reform, mandatory reporting by and to state licensing boards and continuing medical education.

Fees are revised according to the specific enabling legislation for each board.

Program Element: Regulation of Consumer Products and Promotion of Fair Business Practices

This program encompasses the activities of the Corporation Bureau, the Bureau of Charitable Organizations and the State Athletic Commission.

The Corporation Bureau is responsible for both profit and nonprofit business incorporation filings and submission of Uniform Commercial Code (UCC) filings. There are approximately 2.6 million corporate entities in the database and the bureau processes approximately 118,000 corporate filings annually. It also registers approximately 124,000 UCC filings annually. The primary goals of the Corporation Bureau are to make the registration process as efficient as possible and to enhance public access in order to promote a more favorable business climate within the commonwealth.

Act 198 of 1990 established a restricted account with funding levels to be executively authorized by the Governor to fund the Corporation Bureau.

The Bureau of Charitable Organizations is responsible for the registration of charitable organizations, professional fundraisers and solicitors, as well as regulation of the actual solicitation and distribution of collected funds. The

Program: Consumer Protection (continued)

major objectives of the bureau are to promote transparency and disclosure by charities, educate consumers, and aggressively pursue fraudulent solicitation activities.

Act 55 of 1997 increased the number of charities required to register with the Department of State and established a system of mandatory arbitration to resolve complaints of unfair competition filed by small businesses against charities.

The State Athletic Commission monitors and regulates all professional and amateur boxing, kickboxing and mixed martial arts events, professional wrestling contests, and the licensing of all persons who participate in these events. The individual license categories include announcer, agent, boxer, judge, manager, matchmaker, physician, promoter (including those promoting professional wrestling), referee, second, timekeeper and trainer.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND	
General Government Operations	
\$ -92	—nonrecurring 2011-12 budgetary freeze amount.
381	—to continue current program.
<u>\$ 289</u>	<i>Appropriation Increase</i>
Statewide Uniform Registry of Electors	
\$ 482	—to continue current program.
Lobbying Disclosure	
\$ -125	—to continue current program based on most recent projection of biennial fees.
Electoral College	
\$ 10	—reimbursement to presidential electors for travel and contingent expenses.
Publishing State Reapportionment Maps	
\$ -1,400	—nonrecurring decennial reapportionment costs.
Publishing Federal Reapportionment Maps	
\$ -300	—nonrecurring decennial reapportionment costs.
Voting of Citizens in Military Service	
\$ 20	—to continue current program.
County Election Expenses (EA)	
\$ -243	—funding reduction.

This budget also recommends the following changes in appropriations and executive authorizations from restricted accounts:

\$ 1,520	Professional and Occupational Affairs —to continue current program.
\$ 283	State Board of Medicine —to continue current program.
\$ 46	State Board of Osteopathic Medicine —to continue current program.
\$ 9	State Board of Podiatry —to continue current program.
\$ 517	Corporation Bureau (EA) —to provide resources for administrative functions transferred from the Bureau of Charitable Organizations.
3,000	—Initiative—Information Technology Modernization. To upgrade current computer systems and enhance process improvements.
<u>\$ 3,517</u>	<i>Executive Authorization Increase</i>

The State Athletic Commission appropriation is recommended at the current year funding level.

Recommendations assume that fees for all boards will be sufficient to fund the recommended expenditure level.

The Voter Registration appropriation is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 3,277	\$ 3,080	\$ 3,369	\$ 3,369	\$ 3,369	\$ 3,369	\$ 3,369
Statewide Uniform Registry of Electors	3,813	3,775	4,257	4,257	4,257	4,257	4,257
Voter Registration	459	451	451	451	451	451	451
Lobbying Disclosure	357	687	562	562	562	562	562
Electoral College	0	0	10	0	0	0	10
Publishing State Reapportionment Maps ..	0	1,400	0	0	0	0	0
Publishing Federal Reapportionment Maps	0	300	0	0	0	0	0
Voting of Citizens in Military Service.....	39	40	60	60	60	60	60
County Election Expenses (EA)	397	393	150	150	150	150	150
TOTAL GENERAL FUND	<u>\$ 8,342</u>	<u>\$ 10,126</u>	<u>\$ 8,859</u>	<u>\$ 8,849</u>	<u>\$ 8,849</u>	<u>\$ 8,849</u>	<u>\$ 8,859</u>

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Consumer Protection							
Electoral Process							
Voter registration transactions	990,000	1,000,000	1,500,000	990,000	1,100,000	1,500,000	1,000,000
Campaign finance reports filed online	3,800	2,900	2,800	2,900	2,800	2,900	2,800
Notary public commissions issued	4,000	5,500	6,000	5,500	4,000	5,500	6,000
Notary public commissions renewed	19,000	18,000	16,000	17,500	19,000	18,000	16,000
Certifications and apostilles completed	41,500	42,000	42,500	43,000	43,500	44,000	43,500
Commissions processed	955	1,000	900	900	925	975	1,000
Professional Licensing							
Cases opened	11,873	13,000	13,500	14,250	14,750	15,250	15,750
Cases closed	9,471	13,000	13,500	14,250	14,750	15,250	15,750
Disciplinary actions	2,647	2,900	3,100	3,300	3,600	3,900	4,200
Regulation packages proposed and enacted	29	25	30	26	31	27	32
Enforcement and Investigation							
Inspections completed	22,233	19,000	19,000	19,000	19,000	19,000	19,000
Investigations opened	3,503	3,600	3,600	3,600	3,600	3,600	3,600
Investigations closed	3,142	3,600	3,600	3,600	3,600	3,600	3,600
Health Monitoring Program:							
Cases opened	1,400	1,475	1,550	1,625	1,700	1,775	1,850
Cases closed	1,340	1,395	1,470	1,545	1,620	1,695	1,770
Licensees who completed a recovery program	219	185	190	195	205	210	219
Corporation Bureau							
Business entity and trademark filings	130,436	115,000	118,000	120,000	122,000	125,000	127,000
Uniform Commercial Code filings	119,109	121,000	124,000	126,000	129,000	132,000	134,000
Corporate and Uniform Commercial Code requests	197,772	202,000	206,000	210,000	214,000	218,000	223,000
Charitable Organizations							
Charity registrations	11,483	11,800	12,000	12,400	12,700	13,000	13,300
Professional fundraiser registrations	457	460	470	470	480	480	490
Professional fundraiser contract filings	2,385	2,400	2,500	2,500	2,600	2,600	2,700
Investigations opened	262	250	250	250	250	250	250
Investigations closed	328	250	250	250	250	250	250

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
State Athletic Commission							
Professionals licensed	2,370	2,400	2,400	2,400	2,400	2,400	2,400
Boxing events (professional, amateur and kickboxing) and mixed martial arts events	155	160	160	160	160	160	160
Wrestling events	368	370	370	370	370	370	370

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STATE EMPLOYEES' RETIREMENT SYSTEM

The mission of the State Employees' Retirement System is to administer the retirement benefits plan for state employees and elected officials in accordance with Pennsylvania statutes; to provide effective services to all active and retired members; to accumulate, manage and disburse the retirement fund assets in accordance with fiduciary standards and at a reasonable cost to commonwealth taxpayers; and to maximize investment return while exercising a "prudent person" investment policy.

The State Employees' Retirement System is responsible for administering the State Employees' Retirement Fund and the supplemental retirement allowances and cost-of-living increases for annuitants. The system also administers the commonwealth Deferred Compensation Program.

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State Employees' Retirement System

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>Grants and Subsidies:</i>			
National Guard - Employer Contribution.....	\$ 4	\$ 4	\$ 4
OTHER FUNDS:			
STATE EMPLOYEES' RETIREMENT FUND:			
State Employees' Retirement Administration.....	\$ 28,075	\$ 27,320	\$ 23,660
Directed Commissions.....	0	1,200	1,200
STATE EMPLOYEES' RETIREMENT FUND TOTAL.....	<u>\$ 28,075</u>	<u>\$ 28,520</u>	<u>\$ 24,860</u>
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 4	\$ 4	\$ 4
SPECIAL FUNDS.....	0	0	0
OTHER FUNDS.....	28,075	28,520	24,860
TOTAL ALL FUNDS.....	<u><u>\$ 28,079</u></u>	<u><u>\$ 28,524</u></u>	<u><u>\$ 24,864</u></u>

State Employees' Retirement System

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
STATE EMPLOYEES'							
RETIREMENT							
GENERAL FUND.....	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	28,075	28,520	24,860	24,860	24,860	24,860	24,860
SUBCATEGORY TOTAL.....	\$ 28,079	\$ 28,524	\$ 24,864	\$ 24,864	\$ 24,864	\$ 24,864	\$ 24,864
ALL PROGRAMS:							
GENERAL FUND.....	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	28,075	28,520	24,860	24,860	24,860	24,860	24,860
DEPARTMENT TOTAL.....	\$ 28,079	\$ 28,524	\$ 24,864	\$ 24,864	\$ 24,864	\$ 24,864	\$ 24,864

State Employees' Retirement System

PROGRAM OBJECTIVE: To provide an effective administrative system for the operation of the retirement system for state employees.

Program: State Employees' Retirement

The State Employees' Retirement System was established to administer the pension system created in 1923. The State Employees' Retirement Fund uses contributions by the employees and the employing agencies and earnings from investments for payment of annuities and disability benefits and for administration of the system. The State Employees' Retirement Fund is shown in the Other Special Funds Appendix.

The net assets available for benefits are in excess of \$24 billion dollars. The system is funded in accordance with generally accepted actuarial standards; the funding is reviewed annually by a contracted actuarial firm, and an experience review is completed every five years.

The three major sources of current income for the system are earnings from investments and employer and member contributions. The employer contribution rate is established annually by the board upon the recommendation of the actuary. Employer contribution rates differ in accordance with the class of employees for which they are contributing. As a result of Act 9 of 2001, effective January 2002, most system members contribute 6.25 percent of pay to the system, depending upon individual employee election of membership. Through December 31, 2010, normal retirement for most employees was at age 60, age 50 for safety employees and members of the Legislature or at any age with 35 years of service. Retirement before those times is possible after five years of service but is actuarially reduced to the equivalent of the annuity which would have been payable at superannuation retirement.

Act 120 of 2010 enacted many significant changes to the pension system. Act 120 amended the benefit structure for most new employees hired after December 31, 2010

and amended the funding provisions. Key benefit changes include: lowering the benefit accrual rate from 2.5 percent of final average salary for each year of service to 2 percent; setting the new employee contribution rate at 9.3 percent if employees elect to accrue service at 2.5 percent for each year of service; increasing the vesting period from 5 years to 10 years; eliminating the option for members to withdraw their contributions; increasing the normal retirement age to age 65 for most employees, and age 55 for safety employees and members of the Legislature; implementing a shared risk provision that could raise or lower member contribution rates when annual returns over a multi-year period are higher or lower than the rate assumed for SERS' actuarial valuations. The Act also included changes to the funding provisions such as the fresh start of liabilities by re-amortizing existing liabilities and future experience gains and losses over 30 years with level dollar payments, and the implementation of employer contribution rate collars which are limits on the amount of year-over-year increases in the employer contribution rate. The collar is 3 percent for the fiscal year ending 2012, 3.5 percent for the fiscal year ending 2013 and 4.5 percent for all subsequent years. The collars will end when the actuarial calculated rate is below the collared rate.

The State Employees' Retirement Board is also responsible for the administration of the commonwealth's Deferred Compensation Program that allows commonwealth employees to voluntarily defer a portion of their salaries to a retirement savings account. The Deferred Compensation Fund is shown in the Other Special Funds Appendix.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	STATE EMPLOYEES' RETIREMENT FUND
	State Employees' Retirement
	Administration
\$ -3,660	—reduction reflects transfer of certain investment-related expenses to pension payments account.

The National Guard-Employer Contribution appropriation is recommended at the current year funding level.

In addition, \$1,200,000 in Directed Commissions will be used to support this program.

State Employees' Retirement System

Program: State Employees' Retirement (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
National Guard - Employer Contribution....	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4	\$ 4
STATE EMPLOYEES' RETIREMENT FUND:							
State Employees' Retirement							
Administration	\$ 28,075	\$ 27,320	\$ 23,660	\$ 23,660	\$ 23,660	\$ 23,660	\$ 23,660
Directed Commissions.....	0	1,200	1,200	1,200	1,200	1,200	1,200
TOTAL STATE EMPLOYEES' RETIREMENT FUND	\$ 28,075	\$ 28,520	\$ 24,860	\$ 24,860	\$ 24,860	\$ 24,860	\$ 24,860

State Employees' Retirement System

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: State Employees' Retirement							
Retirement Counseling Sessions	10,000	10,000	8,000	8,000	12,000	8,000	8,000
Total number of retired employees and beneficiaries	112,747	114,000	116,000	118,000	120,000	122,000	124,000
Total benefit payments (in billions)	\$2.51	\$2.61	\$2.73	\$2.85	\$2.97	\$3.09	\$3.20

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STATE POLICE

The mission of the State Police is to promote traffic safety, to investigate crime and reduce criminal activity and to provide investigative assistance and support services to all law enforcement agencies within the commonwealth. In addition, the State Police maintains and provides to criminal justice agencies up-to-date law enforcement information, continually evaluates the competence level of law enforcement within the commonwealth and provides prompt, competent service in emergency situations. The State Police ensures personal protection and security for the governor and other persons designated by proper authority and enforces all other state statutes as directed by proper authority.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 161,511	\$ 174,630	\$ 176,604
(F)Drug Enforcement.....	1,500	1,500	1,500
(F)Motor Carrier Safety.....	13,768	13,768	13,768
(F)Office of Homeland Security (EA).....	0	0	800
(F)Homeland Security Grants (EA).....	4,500	5,000	5,500
(F)Area Computer Crime.....	10,000	8,000	8,500
(F)Law Enforcement Preparedness (EA).....	5,000	5,110	5,000
(F)Construction Zone Patrolling (EA).....	10,000	10,000	10,000
(F)Combat Underage Drinking (EA).....	150	140	150
(F)Pa Port Security Grant (EA).....	10,500	500	230
(F)Law Enforcement Projects (EA).....	2,500	2,300	1,500
(F)ARRA - Stop Violence Against Women (EA).....	162	0	0
(F)ARRA - JAG Protection from Abuse Database (EA).....	184	184	0
(F)ARRA - JAG Instant Check System Rewrite (EA).....	290	1,271	0
(F)ARRA - JAG Megan's Law Modernization (EA).....	2,000	1,709	2,000
(A)Turnpike Commission.....	35,343	36,000	35,500
(A)Sale of Automobiles.....	132	20	100
(A)Criminal History Record Checks.....	7,282	7,500	7,000
(A)Training Fees.....	23	5	10
(A)Reimbursement for Services.....	3,688	3,000	3,150
(A)Electronic Surveillance.....	47	50	45
(A)Fingerprint Record Checks.....	2,476	2,000	2,125
(A)Registry of Protection.....	150	130	130
(A)Littering Fines.....	6	6	6
(A)PATCH Credit Card Receipts.....	4,861	3,500	4,000
(A)Photographic Services.....	12	20	15
(A)Delaware River Toll Bridge.....	1,948	1,600	1,750
(A)Miscellaneous Revenue.....	202	176	152
Subtotal.....	<u>\$ 278,235</u>	<u>\$ 278,119</u>	<u>\$ 279,535</u>
Law Enforcement Information Technology.....	6,562	6,436	6,372
Municipal Police Training.....	1,041	1,029	998
(A)Admission Vouchers.....	1	0	0
(A)Pre-Employment Testing.....	60	0	0
(A)Retired Law Enforcement ID.....	4	0	0
Subtotal.....	<u>\$ 1,106</u>	<u>\$ 1,029</u>	<u>\$ 998</u>
Forensic Laboratory Support.....	0	1,500	0
Automated Fingerprint Identification System.....	876	870	861
Gun Checks.....	2,243	2,263	2,195
(R)Firearm Records Check.....	173	2,703	3,830
Subtotal.....	<u>\$ 2,416</u>	<u>\$ 4,966</u>	<u>\$ 6,025</u>
Subtotal - State Funds.....	\$ 172,233	\$ 186,728	\$ 187,030
Subtotal - Federal Funds.....	60,554	49,482	48,948
Subtotal - Augmentations.....	56,235	54,007	53,983
Subtotal - Restricted Revenues.....	173	2,703	3,830
Total - General Government.....	<u>\$ 289,195</u>	<u>\$ 292,920</u>	<u>\$ 293,791</u>
STATE FUNDS.....	\$ 172,233	\$ 186,728	\$ 187,030
FEDERAL FUNDS.....	60,554	49,482	48,948
AUGMENTATIONS.....	56,235	54,007	53,983
RESTRICTED REVENUES.....	173	2,703	3,830
GENERAL FUND TOTAL.....	<u>\$ 289,195</u>	<u>\$ 292,920</u>	<u>\$ 293,791</u>

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
MOTOR LICENSE FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 483,939	\$ 524,619	\$ 529,813
Law Enforcement Information Technology.....	19,444	19,503	19,116
Municipal Police Training.....	1,082	1,081	1,039
Patrol Vehicles.....	11,000	11,000	11,000
Automated Fingerprint Identification System.....	90	87	85
Commercial Vehicles Inspection.....	8,127	8,770	8,770
(A)Sale of Vehicles.....	4	0	0
(A)Waste Transportation Safety Enforcement.....	550	0	0
Subtotal.....	\$ 524,236	\$ 565,060	\$ 569,823
Subtotal - State Funds.....	\$ 523,682	\$ 565,060	\$ 569,823
Subtotal - Augmentations.....	554	0	0
Total -	\$ 524,236	\$ 565,060	\$ 569,823
STATE FUNDS.....	\$ 523,682	\$ 565,060	\$ 569,823
AUGMENTATIONS.....	554	0	0
MOTOR LICENSE FUND TOTAL.....	\$ 524,236	\$ 565,060	\$ 569,823
OTHER FUNDS:			
GENERAL FUND:			
Seized/Forfeited Property - Federal.....	\$ 461	\$ 315	\$ 315
State Drug Act Forfeiture Funds.....	541	430	430
State Criminal Enforcement Forfeiture Funds.....	1	65	65
Crime Lab User Fees.....	830	600	600
Auto Theft & Insurance Fraud Investigation Fund.....	2,014	2,850	2,850
Firearms License Validation System.....	28	150	150
GENERAL FUND TOTAL.....	\$ 3,875	\$ 4,410	\$ 4,410
MOTOR LICENSE FUND:			
Vehicle Sales and Purchases.....	\$ 472	\$ 2,000	\$ 2,000
Radio System Communications.....	0	0	8,000 ^a
MOTOR LICENSE FUND TOTAL.....	\$ 472	\$ 2,000	\$ 10,000
DNA DETECTION FUND:			
DNA Detection of Offenders (EA).....	\$ 1,891	\$ 1,891	\$ 1,891
STATE GAMING FUND:			
(R)Gaming Enforcement.....	\$ 18,283	\$ 16,845	\$ 20,117
STATE STORES FUND:			
Liquor Control Enforcement.....	\$ 23,285	\$ 25,034	\$ 25,428
Sale of Vehicles.....	8	0	0
STATE STORES FUND TOTAL.....	\$ 23,293	\$ 25,034	\$ 25,428
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 172,233	\$ 186,728	\$ 187,030
SPECIAL FUNDS.....	523,682	565,060	569,823
FEDERAL FUNDS.....	60,554	49,482	48,948
AUGMENTATIONS.....	56,789	54,007	53,983
RESTRICTED.....	173	2,703	3,830
OTHER FUNDS.....	47,814	50,180	61,846
TOTAL ALL FUNDS.....	\$ 861,245	\$ 908,160	\$ 925,460

Summary by Fund and Appropriation

^a This budget proposes that the Motor License Fund retain 100 percent of the vehicle fine revenue generated in municipalities where the State Police serves as the primary police force and that 50 percent of these funds be restricted for the acquisition and upgrade of radio communication equipment by the State Police.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
PUBLIC PROTECTION AND LAW ENFORCEMENT							
GENERAL FUND.....	\$ 172,233	\$ 186,728	\$ 187,030	\$ 187,030	\$ 187,030	\$ 187,030	\$ 187,030
SPECIAL FUNDS.....	523,682	565,060	569,823	569,823	569,823	569,823	569,823
FEDERAL FUNDS.....	60,554	49,482	48,948	46,948	46,948	46,948	46,948
OTHER FUNDS.....	104,776	106,890	119,659	119,296	119,296	119,296	119,296
SUBCATEGORY TOTAL.....	\$ 861,245	\$ 908,160	\$ 925,460	\$ 923,097	\$ 923,097	\$ 923,097	\$ 923,097
ALL PROGRAMS:							
GENERAL FUND.....	\$ 172,233	\$ 186,728	\$ 187,030	\$ 187,030	\$ 187,030	\$ 187,030	\$ 187,030
SPECIAL FUNDS.....	523,682	565,060	569,823	569,823	569,823	569,823	569,823
FEDERAL FUNDS.....	60,554	49,482	48,948	46,948	46,948	46,948	46,948
OTHER FUNDS.....	104,776	106,890	119,659	119,296	119,296	119,296	119,296
DEPARTMENT TOTAL.....	\$ 861,245	\$ 908,160	\$ 925,460	\$ 923,097	\$ 923,097	\$ 923,097	\$ 923,097

PROGRAM OBJECTIVE: The State Police enforce the law and preserve the peace through detection of crime and apprehension of criminals, patrol of highways and enforcement of the Vehicle and Liquor Codes.

Program: Public Protection and Law Enforcement

Program Element: Management

This program element provides direction and coordination for all line and staff activities of the State Police, including administrative and overhead systems for the operation of various law enforcement programs. Protection for the governor and visiting dignitaries, security of the executive residence and background investigations on state job applicants are also components of this program.

State-of-the-art technology continues to automate a broad range of State Police functions. The Commonwealth Law Enforcement Assistance Network (CLEAN) upgrade was completed in 2011 and will be rolled out statewide in 2012. CLEAN is used by the commonwealth's criminal justice agencies to access driver license and motor vehicle information, state and federal criminal history record information, protection from abuse orders, stolen items and wanted persons files, and a host of other services. CLEAN is Pennsylvania's conduit to the FBI's National Crime Information Center, and to the International Justice and Public Safety Network. Once employed, law enforcement across the commonwealth will have a new, much more functional interface to critical information. The department is also finalizing an upgrade to its Automated Fingerprint Identification System to increase capacity and meet the needs for fingerprint-based identification across the state.

The Pennsylvania Criminal Intelligence Center provides analytical assistance to Pennsylvania law enforcement agencies, emergency managers, and the owners/operators of critical infrastructure. Trained, professional intelligence analysts supply law enforcement agencies with various information and intelligence products needed for tactical and strategic planning. Intelligence analysts also offer access to archived public information, investigative information and intelligence information from a multitude of statewide and national databases.

The State Police operational resources are coordinated through an incident analysis and police management tool, Problem Specific Policing, that utilizes case data mapping with the goal of reducing traffic crashes and criminal activity, thereby improving the quality of life of citizens. The Problem Specific Policing tool is built on the principles of accurate and timely statistical data, effective tactics, rapid deployments of existing resources and follow-up assessments.

Program Element: Vehicle Standards Control

The vehicle inspection program within the commonwealth is conducted jointly by the Department of Transportation

and the State Police. This program was established to provide vehicle safety through periodic inspection of motor vehicles and removal of unsafe vehicles from the commonwealth's highways through supervision of motor vehicle safety inspection stations, emissions inspection stations and motor vehicle dealers. State Police continues to administer the school bus and mass transit vehicle inspection function and investigate complaints of improper practices by official inspection stations and motor vehicle dealers.

Program Element: Traffic Supervision

Enforcing the commonwealth's traffic laws is a major responsibility of the State Police. The department emphasizes reducing traffic crashes and bringing the motoring public into voluntary compliance with all traffic laws through patrol and enforcement activities. All police services and traffic enforcement is provided by the State Police in those municipalities where there are no full-time police departments and on interstate highways. Traffic assistance is also provided, upon request, to municipalities with full-time police departments.

The State Police utilizes various patrol and enforcement techniques; however, the very presence of visible police patrols continues to have the greatest impact on reducing traffic crashes. Supplemental patrolling is provided in construction zones for the safety of motorists and construction workers. Aircraft piloted by State Police troopers routinely monitor the speeds of vehicles on interstate and secondary highways. Aggressive drivers are targeted under the Pennsylvania Aggressive Driving Enforcement and Education Program. Enforcement efforts continue to be concentrated in areas identified by the Problem Specific Policing initiative.

The department continues the use of DUI sobriety checkpoints to combat drunk driving. Operation Nighthawk was initiated as a statewide training and enforcement program providing legal updates, development strategies and operational tactics combined with saturation DUI enforcement teams. Furthermore, the Checkpoint Strike Force Initiative is used as a DUI enforcement tool, as well as being a psychological deterrent to impaired driving. The program requires each of the 15 county troops to conduct 20 sobriety checkpoints.

The commonwealth Commercial Vehicle Enforcement Program is a responsibility of the Pennsylvania State Police, and its goal is to reduce commercial motor vehicle involved crashes, fatalities, and injuries through consistent, uniform, and effective commercial motor vehicle safety

Program: Public Protection and Law Enforcement (continued)

programs. Enforcement of the federal motor carrier safety regulations is the responsibility of commercial vehicle enforcement teams that are strategically located throughout the commonwealth. These regulations pertain to drivers, equipment, documents, loads and hazardous materials transportation. The federal regulations are applicable to both interstate and intra-state motor carrier vehicles. In addition to enforcing federal motor carrier safety regulations, State Police personnel also enforce the commonwealth's laws pertaining to the size and weight of commercial vehicles. This is accomplished through the use of a permanent weigh station along Interstate 80 in Clarion County and 25 weigh-in-motion scales located along various commonwealth interstate highways.

In a program sponsored by the National Highway Traffic Safety Administration, 250 Pennsylvania State Troopers are currently certified as child passenger safety technicians. The State Police maintains permanent child safety fitting stations. Each station conducts inspections on a designated date at posted times at least once a month.

Program Element: Crime Prevention

Combating crime is not the responsibility of police alone. It requires the active, organized involvement of the public if any significant results are to be realized. The State Police crime prevention mission is to reduce the incidence of crime through citizen involvement and educational crime prevention techniques. This includes programs such as neighborhood crime watch groups, block parents, crime stoppers, and a new Business Tip program developed to encourage the reporting of suspicious activity for follow-up investigation in support of the Homeland Security mission.

The State Police provides assistance to municipalities in suppression of violent crime through saturation patrols. The State Police work hand-in-hand with federal and local law enforcement officials to purge violent crime from urban neighborhoods. Community involvement and intelligence gathering are essential components of this operation.

The Citizens' Police Academy program offers a 10-12 week seminar providing members of the public with an opportunity to learn about various law enforcement issues and resources. Speakers from the Pennsylvania State Police and federal and local agencies discuss a wide range of law enforcement topics.

Program Element: Criminal Law Enforcement

The majority of State Police efforts in criminal law enforcement are performed at the station level and consist of investigations of violence and property crimes. At the statewide level, there are special investigations involving drugs and narcotics, organized crime, terrorism, white-collar crime, public corruption, arson, computer crime and criminal personality profiling.

State Police troopers, along with local, state and federal agencies, target major drug trafficking organizations utilizing a comprehensive strategy that involves intelligence

gathering, financial background information, criminal investigation and asset forfeiture proceedings.

The State Police oversee and coordinate the Pennsylvania Amber Alert System, a child abduction alert notification system. The Amber Alert utilizes the Emergency Alert System and the state's "Alert-PA" website to inform the public of an abduction of a child under the age of 18, whom the police believe to be in danger of serious bodily harm or death. A Missing Endangered Person Advisory System was implemented to supplement the Amber Alert System and notify the public of missing endangered persons of any age.

The Computer Crime Unit provides investigative assistance to all local, state and federal law enforcement agencies in cases where a computer has been utilized for a criminal purpose. The unit is equipped with the newest technology, including a central forensic server that allows investigators to complete forensics from remote locations across the state. The Computer Crime Unit also provides educational information for local law enforcement agencies and prosecutors.

Program Element: Emergency Assistance

The State Police are normally called upon whenever any emergency situation occurs within the commonwealth. The department has primary police jurisdiction in 83 percent of the commonwealth's land area, comprising 27 percent of its population and also provides assistance to a variety of local and state agencies, particularly law enforcement agencies. The department classifies emergency assistance into two separate categories: civil disorder and emergency management.

Civil disorders are incidents that may become criminal in nature in such categories as prison disturbances, labor disorders, strikes, educational campus disorders, youth group disorders, terrorism and hostage situations. Emergency management deals with prevention, mitigation and response to natural or man-made hazards to prevent loss of life or property, economic loss and disruption of normal living conditions.

The Domestic Security Division administers and coordinates numerous homeland and domestic security responsibilities. The division's primary mission areas include emergency planning and preparedness, continuity of operations, National Incident Management System implementation, liaison to Pennsylvania Emergency Management Agency, facility security for department installations, and risk and vulnerability assessments for facilities and critical infrastructures, and management of federal homeland security grants.

The Special Emergency Response Team is comprised of carefully selected, uniquely trained and specially equipped troopers responsible for an incident-specific approach to high-risk and special emergency situations. Specially trained K-9 dog teams provide drug, arson and

Program: Public Protection and Law Enforcement (continued)

explosive detection during emergency incidents. The department's fleet of eight helicopters and six airplanes are called upon to provide assistance during emergencies. The State Police have also established a Hazardous Device and Explosive Section as a response to bomb threats and similar security issues.

Program Element: Liquor Control and Gaming Enforcement

The Bureau of Liquor Control Enforcement directs and controls a coordinated enforcement effort toward violations of the Pennsylvania Liquor Code and related sections of the Crimes Code. Operations include covert and overt investigations, assisting municipal police agencies, conducting routine license investigations and performing establishment audits and border patrols. The State Police implemented a high school and middle school education program to deter minors from using alcoholic beverages. The State Police also conduct the Enforcing the Underage

Drinking Laws program to effect a change in the culture of college students to reduce binge drinking and deglamorize underage drinking. The project consists of establishing partnerships with college administrators, college students, the alcohol industry and community members to determine and implement effective measures to reduce the harmful consequences caused by underage and binge drinking.

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, authorized casino gaming in Pennsylvania and established the Gaming Control Board to regulate and oversee the implementation and operation of casino gaming activities within the commonwealth. The responsibilities of the Pennsylvania State Police under the act include investigating and prosecuting criminal infractions, conducting various background checks, and providing overall law enforcement services at Pennsylvania gaming facilities.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

	GENERAL FUND AND MOTOR LICENSE FUND COMBINED				
	General Government Operations	\$	-73		Municipal Police Training
\$	-7,443				—nonrecurring 2011-12 budgetary freeze amount.
	6,714				
	<u>7,897</u>	\$	-1,500		Forensic Laboratory Support
					—nonrecurring program costs.
\$	7,168				
					Automated Fingerprint Identification System
		\$	-11		—nonrecurring 2011-12 budgetary freeze amount.
\$	-451				
					Gun Checks
		\$	-68		—nonrecurring 2011-12 budgetary freeze amount.

The Commercial Vehicles Inspection and Patrol Vehicles appropriations are recommended at the current year funding levels.

In addition, the Pennsylvania Instant Check System initiative recommends \$3,830,000 from the Firearms Record Check restricted account.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
General Government Operations	\$ 161,511	\$ 174,630	\$ 176,604	\$ 176,604	\$ 176,604	\$ 176,604	\$ 176,604
Law Enforcement Information Technology	6,562	6,436	6,372	6,372	6,372	6,372	6,372
Municipal Police Training	1,041	1,029	998	998	998	998	998
Forensic Laboratory Support	0	1,500	0	0	0	0	0
Automated Fingerprint Identification System	876	870	861	861	861	861	861
Gun Checks	<u>2,243</u>	<u>2,263</u>	<u>2,195</u>	<u>2,195</u>	<u>2,195</u>	<u>2,195</u>	<u>2,195</u>
TOTAL GENERAL FUND	\$ 172,233	\$ 186,728	\$ 187,030	\$ 187,030	\$ 187,030	\$ 187,030	\$ 187,030

Program: Public Protection and Law Enforcement (continued)

Appropriations within this Program: (continued)

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
MOTOR LICENSE FUND:							
General Government Operations	\$ 483,939	\$ 524,619	\$ 529,813	\$ 529,813	\$ 529,813	\$ 529,813	\$ 529,813
Law Enforcement Information Technology	19,444	19,503	19,116	19,116	19,116	19,116	19,116
Municipal Police Training.....	1,082	1,081	1,039	1,039	1,039	1,039	1,039
Patrol Vehicles.....	11,000	11,000	11,000	11,000	11,000	11,000	11,000
Automated Fingerprint Identification System.....	90	87	85	85	85	85	85
Commercial Vehicles Inspection.....	8,127	8,770	8,770	8,770	8,770	8,770	8,770
TOTAL MOTOR LICENSE FUND.....	\$ 523,682	\$ 565,060	\$ 569,823	\$ 569,823	\$ 569,823	\$ 569,823	\$ 569,823

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Public Protection and Law Enforcement							
Operations							
Sworn complement (authorized)	4,677	4,677	4,689	4,689	4,689	4,689	4,689
Civilian complement (authorized)	1,682	1,693	1,701	1,701	1,701	1,701	1,701
Percentage of commonwealth highways/roadways patrolled by the State Police	63%	63%	63%	63%	63%	63%	63%
Percentage of commonwealth population served by the State Police	27%	27%	27%	27%	27%	27%	27%
Percentage of commonwealth geographic area served by the State Police	83%	83%	83%	83%	83%	83%	83%
Vehicle Traffic Supervision							
Motor vehicle crashes	78,776	77,600	76,400	75,200	74,000	72,900	71,700
Fatal motor vehicle crashes	631	620	610	600	595	585	575
Traffic citations issued	560,063	568,500	576,900	585,300	593,700	602,100	610,500
Written warnings issued for traffic violations	257,779	261,600	265,500	269,400	273,200	277,100	281,000
Child safety seat inspections conducted	2,690	2,730	2,770	2,810	2,850	2,890	2,930
Traffic citations issued for occupant restraint violations	22,291	22,600	23,000	23,300	23,600	24,000	24,300
DUI-related crashes	4,703	4,630	4,560	4,490	4,420	4,350	4,280
DUI arrests	17,202	17,500	17,700	18,000	18,200	18,500	18,800
DUI sobriety checkpoints	527	540	545	550	555	560	565
Roving DUI patrols	469	400	405	410	415	420	425
Traffic safety education programs aimed at preventing motor vehicle crashes*	3,985	4,050	4,100	4,160	4,220	4,280	4,340
Traffic safety education programs aimed at preventing fatal motor vehicle crashes*	862	875	890	900	915	925	940
Traffic safety education programs aimed at preventing DUI-related crashes*	313	320	325	330	335	340	345
Vehicle Standards Control							
Commercial vehicle safety inspections	96,713	98,200	99,600	101,100	102,500	104,000	105,400
Percentage of commercial vehicle safety inspections resulting in vehicles being placed out of service	16%	16%	16%	16%	16%	16%	16%
Criminal Law Enforcement and Crime Prevention							
Crimes per 100,000 population in State Police jurisdiction areas:							
Violent crimes per 100,000 population	111	109	108	106	105	103	101
Arrests for violent crimes per 100,000 population	61	61	62	63	64	65	66

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Percentage of violent crimes cleared (i.e. cases solved and prosecuted or disposed of through other legal means)	71.70%	72.70%	73.70%	74.80%	75.80%	76.80%	77.80%
Property crimes per 100,000 population	1,078	1,065	1,050	1,035	1,020	1,005	990
Arrests for property crimes per 100,000 population	251	255	260	260	265	270	275
Percentage of property crimes cleared (i.e. cases solved and prosecuted or disposed of through other legal means)	31.60%	32.10%	32.40%	32.90%	33.30%	33.80%	34.20%
Community-based crime prevention programs targeting violent crime*	1,112	1,130	1,140	1,160	1,170	1,190	1,210
Community-based crime prevention programs targeting property crime*	581	590	600	605	615	625	630
Community-based drug-prevention programs*	377	380	390	395	400	405	410
Enforcement and Investigation							
Drug offenses	7,044	6,950	6,850	6,750	6,650	6,550	6,450
Drug-related arrests	5,025	5,100	5,170	5,240	5,310	5,380	5,450
Clandestine Laboratory Response Team deployments for illegal drug manufacturing facilities (e.g. methamphetamine labs, etc.)	115	117	118	120	121	123	125
Municipal law enforcement agencies receiving information from the Pennsylvania Criminal Intelligence Center	932	950	960	970	980	1,000	1,010
Requests for intelligence information from Pennsylvania Criminal Intelligence Center	16,130	16,400	16,600	16,800	17,000	17,300	17,500
Intelligence products disseminated by the Pennsylvania Criminal Intelligence Center	27,693	28,100	28,500	28,900	29,200	29,600	30,000
Megan's Law - registered sex offenders	11,131	11,300	11,400	11,600	11,800	11,900	12,100
CLEAN/NCIC confirmed responses (i.e. computer checks resulting in the identification of wanted persons, stolen property, etc.)	102,820	76,700	77,700	78,800	79,900	81,000	82,000
Crime Lab							
Convicted offender DNA submissions	23,938	22,400	22,700	23,000	23,300	23,600	23,900
DNA evidence submissions	1,924	2,030	2,060	2,090	2,120	2,140	2,170
Criminal suspects identified through DNA evidence submissions	664	650	660	670	680	690	700
Fingerprint card submissions	700,756	710,600	720,400	730,200	740,000	749,800	759,600
Criminal suspects identified through latent fingerprint comparison (i.e. fingerprint evidence)	2,671	2,240	2,270	2,300	2,340	2,370	2,400

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Background Checks							
Pennsylvania Instant Check System firearms purchase background checks	688,564	698,200	707,800	717,500	727,100	736,800	746,400
Pennsylvania Instant Check System firearms purchase initial denials	8,803	8,930	9,050	9,170	9,300	9,420	9,540
Crime and Terrorism Tip Lines							
Drug hotline tips	460	465	475	480	485	490	500
Terrorism hotline tips	560	570	575	585	590	600	605
Emergency Preparedness and Response							
Municipal public safety agencies receiving immediate reports from the Department Watch Center	1,179	1,200	1,210	1,230	1,250	1,270	1,290
Department Watch Center immediate reports	3,744	3,800	3,860	3,910	3,970	4,030	4,080
Requests for Special Emergency Response Team	213	200	200	205	205	210	210
Requests for Hazardous Device and Explosives Section services	223	225	230	230	235	240	245
Domestic terrorism threat assessments conducted	63	65	65	65	65	65	65
Liquor Control Enforcement							
Liquor law investigations	47,946	48,300	48,600	49,000	49,300	49,600	49,900
Routine liquor law inspections	2,339	2,350	2,370	2,390	2,400	2,420	2,440
Liquor law violations	13,581	13,500	13,400	13,300	13,200	13,100	13,000
Administrative citation letters issued for liquor law violations	2,636	2,620	2,600	2,580	2,560	2,540	2,530
Administrative warning letters issued for liquor law violations	2,507	2,490	2,470	2,450	2,440	2,420	2,400

* New Program Measure

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TAX EQUALIZATION BOARD

This budget recommends the elimination of the Tax Equalization Board and transfers its real property valuation responsibilities to the Center for Local Government Services within the Department of Community and Economic Development.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 1,009	\$ 1,057	\$ 0 ^a

^a Funding for this program has been transferred to the General Government Operations appropriation in the Department of Community and Economic Development.

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DEPARTMENT OF TRANSPORTATION

The mission of the Department of Transportation is to provide a safe and sustainable transportation system with services that enhance Pennsylvania's communities and economy.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Rail Freight and Intermodal Coordination.....	\$ 784	\$ 900	\$ 855
(F)FTA - Technical Studies Grants.....	4,465	4,465	4,465
(F)Surface Transportation Assistance.....	200	400	500
(F)FTA - Capital Improvement Grants.....	8,000	8,000	8,000
(F)Title IV Rail Assistance.....	36	36	36
(F)Maglev.....	10,000	10,000	10,000
Vehicle Sales Tax Collections.....	1,093	882	882
Voter Registration.....	198	422	422
Photo ID Cards.....	0	0	1,000
Subtotal - State Funds.....	\$ 2,075	\$ 2,204	\$ 3,159
Subtotal - Federal Funds.....	22,701	22,901	23,001
Total -	<u>\$ 24,776</u>	<u>\$ 25,105</u>	<u>\$ 26,160</u>
<i>Grants and Subsidies:</i>			
(F)TEA 21 - Access to Jobs.....	\$ 6,000	\$ 6,000	\$ 6,000
(F)Surface Transportation - Operating.....	16,000	16,000	16,000
(F)Surface Transportation Assistance Capital.....	12,000	12,000	12,000
(F)FTA - Capital Improvements.....	25,000	25,000	25,000
(F)FTA - Hybrid Mass Transit Vehicles.....	14,000	10,000	15,000
(F)ARRA - Transit in Non-Urban Areas.....	25,000	10,000	10,000
(F)ARRA - National Railroad Passenger Corporation.....	50,000	50,000	50,000
(R)Technical Assistance - PTAF (EA).....	1,139	930	0
(F)Mid Atlantic Clean Diesel.....	915	0	0
(F)Rail Line Relocation.....	5,000	6,002	6,002
(F)ARRA - Supplemental Rail Freight Projects.....	90,000	90,000	22,000
(F)ARRA - High Speed Rail.....	75,000	75,000	75,000
(R)Community Transportation Equipment Grants - PTAF (EA).....	344	172	0
Rail Freight Assistance.....	0	5,750	0
Subtotal - State Funds.....	\$ 0	\$ 5,750	\$ 0
Subtotal - Federal Funds.....	318,915	300,002	237,002
Subtotal - Restricted Revenues.....	1,483	1,102	0
Total - Grants and Subsidies.....	<u>\$ 320,398</u>	<u>\$ 306,854</u>	<u>\$ 237,002</u>
STATE FUNDS.....	\$ 2,075	\$ 7,954	\$ 3,159
FEDERAL FUNDS.....	341,616	322,903	260,003
RESTRICTED REVENUES.....	1,483	1,102	0
GENERAL FUND TOTAL.....	<u>\$ 345,174</u>	<u>\$ 331,959</u>	<u>\$ 263,162</u>
MOTOR LICENSE FUND:			
<i>General Government:</i>			
General Government Operations.....	\$ 50,460	\$ 52,456	\$ 53,764
(F)Emergency Evacuation Planning (EA).....	125	125	0
(A)Reimbursement - Other Agencies.....	52	215	215
(A)Duplicating Services.....	88	114	114
(A)Aviation Restricted Revenue.....	261	161	161
(A)Administrative Hearings.....	29	40	40
(A)Litter Fine Receipts.....	8	100	100
(A)Reimb Drug & Alcohol Testing.....	0	60	60
Welcome Centers.....	3,064	3,158	3,309
Subtotal.....	<u>\$ 54,087</u>	<u>\$ 56,429</u>	<u>\$ 57,763</u>
Highway and Safety Improvements.....	102,885	110,000	110,000
Expanded Highway and Bridge Program.....	165,000	165,000	165,000

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
Highway Capital Projects (EA)	205,000	215,000	220,000
(F)Highway Research, Planning and Construction.....	507,481	823,500	833,000
(A)Highway Construction Contributions.....	3,864	13,000	13,000
(A)Joint Use Leases.....	480	0	0
(A)Intern Program - PHEAA Reimbursement.....	93	0	0
(A)Reimbursement - Other Agencies.....	35	0	0
(A)Licensing Fees- Engineering Software.....	20	0	0
(A)Proceeds from sale of R/W.....	322	0	0
(A)Proceeds from bond sales.....	169,853	200,000	0
(R)Highway Capital Projects - Excise Tax (EA).....	74,127	76,533	74,235
(R)Highway Bridge Projects (EA).....	30,000	30,000	40,000
(A)Construction Contributions.....	751	2,800	2,800
(R)Bridges - Excise Tax (EA).....	56,685	58,291	56,847
(F)Federal Aid - Highway Bridge Projects.....	353,475	400,000	375,000
(F)ARRA - Highway Infrastructure Improvement.....	394,800	163,500	25,000
(A)Bridge Reimbursement from Local Governments.....	0	200	200
(A)Recovered Costs Design Errors.....	3,300	0	0
Highway Maintenance	799,147	867,000 ^a	810,000
Secondary Road - Maintenance and Resurfacing (EA)	61,040	63,797	64,181
Disaster Recovery	0	58,000 ^b	0
Reinvestment - Facilities	12,000	16,000	12,000
(F)Highway Research, Planning and Construction.....	106,082	170,000	150,000
(F)Highway Safety - Maintenance (EA).....	4,000	4,000	4,000
(F)Federal Disaster Reimbursement - FHWA.....	47	50,000	12,500
(R)Highway Maintenance - Excise Tax (EA).....	179,496	189,553	183,189
(R)Highway Maintenance Enhancement (EA).....	264,928	275,937	270,630
(A)Highway Maintenance Contributions.....	9,267	20,000	20,000
(F)Disaster Recovery - FEMA.....	6,521	15,000	47,500
(A)Sale of Equipment.....	3,920	5,000	5,000
(A)Heavy Hauling - Bonded Roads.....	611	0	0
(A)Sale of Signs.....	6	0	0
(A)Accident Damage Claims.....	5,776	0	0
(A)Recovered Permit Compliance Cost.....	536	0	0
(A)Intern Program - PHEAA Reimbursement.....	97	0	0
(A)Sale of Right-of-Way - Hwy Maint.....	5	0	0
(A)Reimbursement - Marcellus Shale Road Damage.....	952	0	0
Subtotal.....	\$ 3,522,602	\$ 3,992,111	\$ 3,494,082
Safety Administration and Licensing	115,820	125,109	131,402
(F)Highway Safety - Safety Administration (EA).....	500	500	500
(F)Motor Carrier Safety Improvement (EA).....	3,100	3,100	2,510
(F)National Motor Vehicle Titling Information System (EA).....	300	0	0
(F)REAL ID (EA).....	3,617	4,370	4,800
(A)Administrative Support.....	65	100	100
(A)Photo ID Program.....	22,116	26,350	26,350
(A)Emission Mechanic Training Courses.....	18	35	35
(A)Vehicle Sales Tax Collections.....	0 ^c	0 ^c	0 ^c
(A)Reimbursement - Data Line Charges.....	93	300	300
(A)Reimbursements - Other Agencies.....	17	25	25
(A)Postage.....	472	474	474
(A)Reimbursement - Inspection Manuals.....	0	28	28
(A)Reimbursement - Dealer Forms.....	0	34	34
Subtotal.....	\$ 146,118	\$ 160,425	\$ 166,558
(R)Aviation Operations.....	4,134	4,099	4,099
(F)Aviation Planning (EA).....	545	516	516
(F)Airport Inspections (EA).....	30	30	30
(F)Small Community Air Service Development (EA).....	99	0	0
(A)Reimbursement - Flight Operations.....	397	640	640
(A)Airport Inspections and Licensing.....	41	7	7
(A)Reimbursement - Statewide Program.....	55	60	60
Subtotal.....	\$ 5,301	\$ 5,352	\$ 5,352

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
Subtotal - State Funds.....	\$ 1,514,416	\$ 1,675,520	\$ 1,569,656
Subtotal - Federal Funds.....	1,380,722	1,634,641	1,455,356
Subtotal - Augmentations.....	223,600	269,743	69,743
Subtotal - Restricted Revenues.....	609,370	634,413	629,000
Total - General Government.....	\$ 3,728,108	\$ 4,214,317	\$ 3,723,755
Grants and Subsidies:			
Local Road Maintenance and Construction Payments.....	\$ 192,100	\$ 199,928	\$ 200,223
Supplemental Local Road Maintenance & Construction Payments.....	5,000	5,000	5,000
Municipal Roads and Bridges.....	30,000	30,000	30,000
Maintenance and Construction of County Bridges.....	5,000	5,000	5,000
Payment to Turnpike Commission (EA).....	28,000	28,000	28,000
(R)Local Road Payments - Excise Tax (EA).....	51,823	53,728	53,407
(R)Payments to Municipalities (EA).....	36,523	37,310	37,431
(R)Local Grants for Bridge Projects (EA).....	25,000	25,000	25,000
(A)Reimbursements From Local Governments.....	22	100	100
(R)County Bridges - Excise Tax (EA).....	10,000	10,000	10,000
(F)Federal Aid - Local Grants for Bridge Projects.....	1,111	1,100	1,100
(F)Federal Aid - County Bridges.....	44	200	200
(R)Toll Roads - Excise Tax (EA).....	60,996	63,205	61,690
(R)Annual Maintenance Payments - Highway Transfer (EA).....	18,752	18,788	18,888
(R)Restoration Projects - Highway Transfer (EA).....	8,000	8,000	8,000
(R)Airport Development.....	7,000	7,000	7,000
(F)Airport Development (EA).....	21,000	21,000	18,000
(R)Real Estate Tax Rebate.....	250	250	250
Subtotal.....	\$ 500,621	\$ 513,609	\$ 509,289
Subtotal - State Funds.....	\$ 260,100	\$ 267,928	\$ 268,223
Subtotal - Federal Funds.....	22,155	22,300	19,300
Subtotal - Augmentations.....	22	100	100
Subtotal - Restricted Revenues.....	218,344	223,281	221,666
Total - Grants and Subsidies.....	\$ 500,621	\$ 513,609	\$ 509,289
Refunds:			
Refunding Collected Monies (EA).....	\$ 2,500	\$ 2,500	\$ 2,500
Subtotal.....	\$ 2,500	\$ 2,500	\$ 2,500
STATE FUNDS.....	\$ 1,777,016	\$ 1,945,948	\$ 1,840,379
FEDERAL FUNDS.....	1,402,877	1,656,941	1,474,656
AUGMENTATIONS.....	223,622	269,843	69,843
RESTRICTED REVENUES.....	827,714	857,694	850,666
MOTOR LICENSE FUND TOTAL.....	\$ 4,231,229	\$ 4,730,426	\$ 4,235,544
LOTTERY FUND:			
Grants and Subsidies:			
Older Pennsylvanians Shared Rides (EA).....	\$ 73,119	\$ 79,000	\$ 80,975
Transfer to Public Transportation Trust Fund (EA).....	0 d	0 d	0 d
Total - Grants and Subsidies.....	\$ 73,119	\$ 79,000	\$ 80,975
LOTTERY FUND TOTAL.....	\$ 73,119	\$ 79,000	\$ 80,975

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
OTHER FUNDS:			
GENERAL FUND:			
Federal Grants - Railroad Freight Rehabilitation.....	\$ 560	\$ 200	\$ 200
Child Passenger Restraint Fund.....	228	100	100
GENERAL FUND TOTAL.....	\$ 788	\$ 300	\$ 300
MOTOR LICENSE FUND:			
Federal Reimbursements - Highway Safety Program.....	\$ 14,285	\$ 19,000	\$ 19,000
Reimbursements to Municipalities - Vehicle Code Fines.....	13,372	14,000	6,000 e
Federal Reimbursements - Flood Related Costs.....	1,018	1,200	1,200
Reimbursements to Other States-Apportioned Registration Plan.....	13,017	18,000	18,000
Federal Reimbursements - Bridge Projects.....	76,395	80,000	70,000
Motorcycle Safety Education.....	4,648	5,000	5,000
Federal Reimbursements - Political Subdivisions.....	118,960	110,000	120,000
License and Registration Pickups.....	0	15	15
CDL- Hazardous Material Fees.....	457	700	700
Red Light Photo Enforcement.....	0	17,000	5,000
MOTOR LICENSE FUND TOTAL.....	\$ 242,152	\$ 264,915	\$ 244,915
HIGHWAY BEAUTIFICATION FUND:			
Control of Outdoor Advertising (EA).....	\$ 275	\$ 336	\$ 336
INFRASTRUCTURE BANK FUND:			
Infrastructure Bank Loans (EA).....	\$ 30,000	\$ 30,000	\$ 30,000
LIQUID FUELS TAX FUND:			
Payments to Counties.....	\$ 31,228	\$ 31,000	\$ 31,250
Auditor General's Audit Costs (EA).....	600	500	500
LIQUID FUELS TAX FUND TOTAL.....	\$ 31,828	\$ 31,500	\$ 31,750
MOTOR VEHICLE TRANSACTION RECOVERY FUND:			
Reimbursement to Transportation.....	\$ 0	\$ 80	\$ 80
PUBLIC TRANSPORTATION ASSISTANCE FUND:			
Mass Transit (EA).....	\$ 165,464	\$ 154,738	\$ 160,689
Transfer to Public Transportation Trust Fund (EA).....	0 f	0 f	0 f
PUBLIC TRANSPORTATION ASSISTANCE FUND TOTAL.....	\$ 165,464	\$ 154,738	\$ 160,689
PUBLIC TRANSPORTATION TRUST FUND:			
Mass Transit Operating (EA).....	\$ 663,174	\$ 687,930	\$ 687,146
Asset Improvement (EA).....	20,302	16,626	0
Capital Improvement (EA).....	16,710	25,546	36,755
Programs of Statewide Significance (EA).....	66,744	69,504	84,510
Transit Administration and Oversight (EA).....	4,431	4,488	4,488
PUBLIC TRANSPORTATION TRUST FUND TOTAL.....	\$ 771,361	\$ 804,094	\$ 812,899
DEPARTMENT TOTAL - ALL FUNDS			
GENERAL FUND.....	\$ 2,075	\$ 7,954	\$ 3,159
SPECIAL FUNDS.....	1,850,135	2,024,948	1,921,354
FEDERAL FUNDS.....	1,744,493	1,979,844	1,734,659
AUGMENTATIONS.....	223,622	269,843	69,843
RESTRICTED.....	829,197	858,796	850,666
OTHER FUNDS.....	1,241,868	1,285,963	1,280,969
TOTAL ALL FUNDS.....	\$ 5,891,390	\$ 6,427,348	\$ 5,860,650

Summary by Fund and Appropriation

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- ^a Includes recommended appropriation reduction of \$23,000,000.
 - ^b Includes recommended supplemental appropriation of \$58,000,000.
 - ^c Not added to the total to avoid double counting: 2010-11 Actual is \$1,093,000, 2011-12 Available is \$882,000, 2012-13 Budget is \$882,000.
 - ^d Not added to the total to avoid double counting: 2010-11 Actual is \$88,199,000, 2011-12 Available is \$89,610,000, 2012-13 Budget is \$91,268,000.
 - ^e This budget proposes that the Motor License Fund retain 100 percent of the vehicle fine revenue generated in municipalities where the State Police serves as the primary police force and that 50 percent of these funds be restricted for the acquisition and upgrade of radio communication equipment by the State Police.
 - ^f Not added to the total to avoid double counting: 2010-11 Actual is \$17,110,000, 2011-12 Available is \$15,811,000, 2012-13 Budget is \$16,938,000.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
TRANSPORTATION SUPPORT SERVICES							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	52,960	54,956	56,264	56,264	56,264	56,264	56,264
FEDERAL FUNDS.....	125	125	0	0	0	0	0
OTHER FUNDS.....	1,123	1,490	1,490	1,490	1,490	1,490	1,490
SUBCATEGORY TOTAL.....	\$ 54,208	\$ 56,571	\$ 57,754	\$ 57,754	\$ 57,754	\$ 57,754	\$ 57,754
HIGHWAYS AND BRIDGES							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	1,376,136	1,525,955	1,412,490	1,422,939	1,428,456	1,434,042	1,449,634
FEDERAL FUNDS.....	1,372,406	1,626,000	1,447,000	1,387,000	1,387,000	1,387,000	1,387,000
OTHER FUNDS.....	910,680	983,855	776,927	784,427	791,486	797,436	804,103
SUBCATEGORY TOTAL.....	\$ 3,659,222	\$ 4,135,810	\$ 3,636,417	\$ 3,594,366	\$ 3,606,942	\$ 3,618,478	\$ 3,640,737
LOCAL HIGHWAY AND BRIDGE ASSISTANCE							
GENERAL FUND.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SPECIAL FUNDS.....	232,100	239,928	240,223	240,328	240,528	242,032	244,760
FEDERAL FUNDS.....	1,155	1,300	1,300	1,300	1,300	1,300	1,300
OTHER FUNDS.....	390,675	405,426	385,576	381,710	383,323	384,246	385,268
SUBCATEGORY TOTAL.....	\$ 623,930	\$ 646,654	\$ 627,099	\$ 623,338	\$ 625,151	\$ 627,578	\$ 631,328
INTERMODAL TRANSPORTATION							
GENERAL FUND.....	\$ 784	\$ 6,650	\$ 855	\$ 855	\$ 855	\$ 855	\$ 855
SPECIAL FUNDS.....	73,119	79,000	80,975	83,000	85,075	87,202	89,381
FEDERAL FUNDS.....	363,290	344,449	278,549	121,549	121,549	121,549	121,549
OTHER FUNDS.....	951,763	973,390	987,044	944,666	960,010	976,759	994,109
SUBCATEGORY TOTAL.....	\$ 1,388,956	\$ 1,403,489	\$ 1,347,423	\$ 1,150,070	\$ 1,167,489	\$ 1,186,365	\$ 1,205,894
SAFETY ADMINISTRATION AND LICENSING							
GENERAL FUND.....	\$ 1,291	\$ 1,304	\$ 2,304	\$ 2,304	\$ 2,304	\$ 2,304	\$ 2,304
SPECIAL FUNDS.....	115,820	125,109	131,402	127,485	127,670	127,279	127,279
FEDERAL FUNDS.....	7,517	7,970	7,810	7,810	7,810	7,810	7,810
OTHER FUNDS.....	40,446	50,441	50,441	50,441	50,441	50,441	50,441
SUBCATEGORY TOTAL.....	\$ 165,074	\$ 184,824	\$ 191,957	\$ 188,040	\$ 188,225	\$ 187,834	\$ 187,834
ALL PROGRAMS:							
GENERAL FUND.....	\$ 2,075	\$ 7,954	\$ 3,159	\$ 3,159	\$ 3,159	\$ 3,159	\$ 3,159
SPECIAL FUNDS.....	1,850,135	2,024,948	1,921,354	1,930,016	1,937,993	1,946,819	1,967,318
FEDERAL FUNDS.....	1,744,493	1,979,844	1,734,659	1,517,659	1,517,659	1,517,659	1,517,659
OTHER FUNDS.....	2,294,687	2,414,602	2,201,478	2,162,734	2,186,750	2,210,372	2,235,411
DEPARTMENT TOTAL.....	\$ 5,891,390	\$ 6,427,348	\$ 5,860,650	\$ 5,613,568	\$ 5,645,561	\$ 5,678,009	\$ 5,723,547

PROGRAM OBJECTIVE: To provide an effective administrative system supporting both non-highway and highway transportation programs.

Program: Transportation Support Services

This program provides for administrative and overhead services that support the operation of activities necessary for the achievement of commonwealth transportation goals and objectives.

The General Government Operations appropriation within the Motor License Fund develops general guidelines for highway-related activities while directing and coordinating construction, maintenance and safety functions discussed under the Highways and Bridges program and the Safety Administration and Licensing program. Among the various managerial responsibilities, support is provided in legal, budgetary, accounting, personnel, procurement, information systems and public relations matters. A central municipal services staff handles grant allocations to local governments

and coordinates highway transfer activities which are discussed under the Local Highway and Bridge Assistance program. In addition, the State Transportation Commission and the Transportation Advisory Committee are funded within this appropriation.

Funding for direct supervision and oversight of aviation, mass transportation and rail freight activities is shown under the Intermodal Transportation program. Several appropriations within that program reimburse the General Government Operations appropriation for general administrative and overhead services.

The Refunding Collected Monies appropriation provides for refunds of Motor License Fund overpayments associated with operator licenses, vehicle registrations, and safety inspection stickers.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

MOTOR LICENSE FUND
General Government Operations
 \$ 1,308 —to continue current program.

Refunding Collected Monies is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
MOTOR LICENSE FUND:							
General Government Operations	\$ 50,460	\$ 52,456	\$ 53,764	\$ 53,764	\$ 53,764	\$ 53,764	\$ 53,764
Refunding Collected Monies (EA)	2,500	2,500	2,500	2,500	2,500	2,500	2,500
TOTAL MOTOR LICENSE FUND.....	\$ 52,960	\$ 54,956	\$ 56,264	\$ 56,264	\$ 56,264	\$ 56,264	\$ 56,264

PROGRAM OBJECTIVE: To provide a safe and efficient state-administered highway network through road and bridge improvements, as well as through ongoing maintenance activities including winter traffic services.

Program: Highways and Bridges

Program Element: Highway and Bridge Construction/Reconstruction

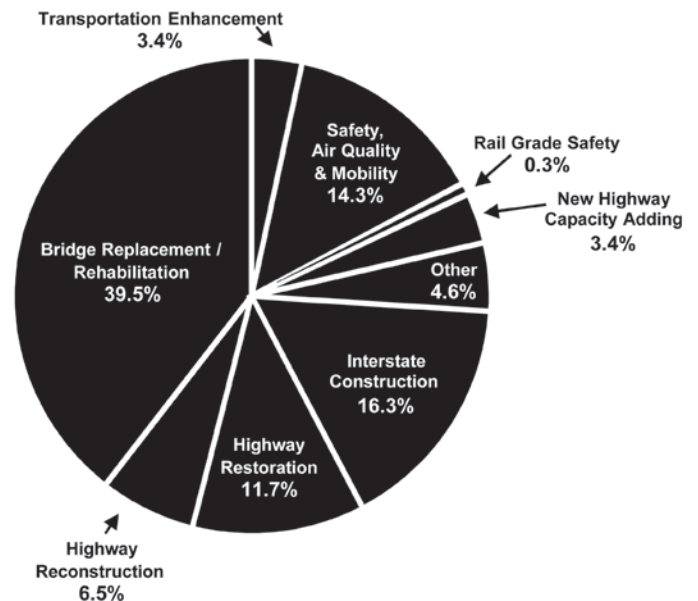
This program contributes to the economic vitality of the commonwealth and to the mobility of its residents through major reconstruction or construction of highways and bridges on the state-owned network.

Work is performed on heavily traveled interstate and primary routes, as well as on state roads and bridges that are not part of the federal aid system. With funding available from federal aid, local construction contributions and state revenues, the Department of Transportation has the responsibility of developing and executing a program that will correct the most critical deficiencies on the state-administered roadway network, including projects to enhance safety and mobility.

Recognizing the importance of highway bridges to Pennsylvania's transportation infrastructure, the General Assembly created a special bridge program in Act 234 of 1982. Projects to rehabilitate and replace structures are listed in the Highway, Railroad and Highway Bridge Capital Budget Act for 1982-1983 and its subsequent amendments. Currently, the commonwealth maintains approximately 25,000 state-owned bridges that are more than eight feet in length.

Decisions on regional allocations and project selection for construction and reconstruction investments are determined through two public processes. State law (Act 120 of 1970) requires that a Twelve-Year Transportation program be developed and updated every two years. The Twelve-Year program is divided into three four-year sections with projects in the first four years of the Twelve-Year program considered to be "active" projects. Federal surface transportation legislation that authorizes grants to states and also addresses planning, program development and management. This federal legislation and its implementing regulations require regional Metropolitan and Rural Transportation Planning Organizations to be partners in the development of fiscally constrained transportation programs. The department, the State Transportation Commission and the Metropolitan and Rural Transportation Planning Organizations closely coordinate public input and public comment efforts during the biennial transportation program update. All regionally developed Transportation Improvement programs are combined to form the federally mandated Statewide Transportation Improvement program, which is then considered to be the first four-year segment of the commonwealth's Twelve-Year Transportation program. This constitutes a mutually agreed upon list of priority projects for each region of Pennsylvania.

Current Four-Year Project Distribution
(October 2010 – September 2014)



A base level of state highway and bridge improvement activity is funded by annual appropriations from the Motor License Fund. These appropriations are supplemented by a series of dedicated revenue sources approved by the General Assembly. The first of these was created in Act 234 of 1982, which established a separate account within the Motor License Fund to be used exclusively for highway bridge rehabilitation and replacement. Bridge improvements are funded through a portion of the annual registration fees for commonwealth-registered vehicles having a gross weight in excess of 26,000 pounds and through a 55 mill Oil Company Franchise Tax. Additional dedicated revenue sources were provided in Act 26 of 1991 and Act 3 of 1997. The Act 26 Oil Company Franchise Tax is allocated among several programs including a portion for state highway and bridge improvement and a portion for bridge rehabilitation and replacement. Most of the Act 3 vehicle registration fee increases are directed toward state highway and bridge improvement. The Pennsylvania Turnpike Commission receives funding from both Act 26 and Act 3 for use on toll road expansion projects.

Act 44 of 2007 provides additional revenue for this program from quarterly Pennsylvania Turnpike Commission contributions. The legislation specifies that funding be provided each fiscal year for an expanded highway and bridge program. These revenues are

Program: Highways and Bridges (continued)

deposited in the Motor License Fund and are appropriated annually by the General Assembly. All funds are spent for project work with priority on preserving and rehabilitating bridges, resurfacing roadways, improving safety and using technology to improve traffic operations.

Program Element: State Highway and Bridge Maintenance

Pennsylvania, with the fifth largest state-owned roadway network in the nation, experiences high volumes of interstate traffic and is subject to severe winter weather. These factors contribute to significant highway and bridge maintenance challenges.

Road and bridge repairs, as well as preventive maintenance activities that prolong the useful life of existing infrastructure, are performed by department forces or by private contractors. Roadway treatments range from crack sealing and patching to more extensive surface treatment that may include resurfacing, stabilization and lower-cost betterment projects. Bridge activity ranges from deck washing and cleaning drainage outlets to repair and preventive maintenance of deck surface and structural components.

The department emphasizes durable resurfacing of high-volume routes that serve interstate and regional commerce, intermodal transportation facilities and major population centers. Bridge activities focus on ensuring the safety of the motoring public and minimizing closures or weight restrictions by performing repairs and preservation work. Winter snow and ice control require considerable resources to keep routes under the jurisdiction of the department in a safe and passable condition. Other routine maintenance and betterment work includes safety improvements such as skid resistant pavement applications, left turn lanes, intersection sight improvements, shoulder and curve upgrades and guiderail updates. Maintenance work not directly involved with the roadway surface itself includes activities such as pipe replacement, ditch cleaning, mowing, vegetation control and tree trimming.

Unscheduled maintenance services must be performed in response to flooding, wind storms, landslides, sinkholes and similar acts of nature. These include clean-up and repair of storm damage, which can range from isolated low-cost work to significant restoration projects across many counties. An event that is declared a national disaster becomes eligible for federal assistance which typically covers about half of the total costs incurred. Owners of

motor vehicles that cause damage to bridges, guiderails or other transportation assets are required to reimburse the maintenance program for the costs incurred as a result of an accident.

The condition of highways and bridges is monitored on an ongoing basis to ensure safety and to assess needs. Highway pavement conditions on the National Highway System are typically reviewed each year while less traveled routes are evaluated every other year. Under the National Bridge Inspection Standards program, the commonwealth is responsible for reporting the status of all Pennsylvania highway bridges greater than 20 feet in length. Bridges must be inspected at least every two years, but more frequent inspections are scheduled as warranted by the condition of individual structures. The department conducts a bridge inspection training and certification program while contracting with an external consultant to certify and enhance the quality of inspections. Some local bridges are inspected by the department, and the cost is deducted from Motor License Fund grants to these political subdivisions as has been authorized by the General Assembly.

The department issues special permits to truck operators with excess weight or size loads for the use of certain highways and bridges. By issuing these permits, the department is able to facilitate the movement of goods over Pennsylvania's roadways without adversely affecting the structural integrity of highways and bridges or the safe and convenient passage of traffic.

An accident analysis program uses computer programs to identify those highway locations that have experienced statistically more accidents than similar roads with similar traffic volumes. Another program identifies locations that have had an inordinate number of accidents in which vehicles ran off the road or hit fixed objects. These programs provide a systematic means of selecting the highest priority sites for maintenance and reconstruction work.

A base level of state highway and bridge maintenance activity is funded by ongoing annual appropriations from the Motor License Fund. These appropriations are supplemented by a dedicated share of Oil Company Franchise tax rate increases enacted in Act 26 of 1991 and in Act 3 of 1997. In addition, the General Assembly has approved special maintenance-related appropriations for accelerated restoration, preventive maintenance and emergency repair based on the financial status of the Motor License Fund.

Program: Highways and Bridges (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

		MOTOR LICENSE FUND					
		Highway and Safety Improvement					
\$	0	—to continue current program. New highway construction and reconstruction focuses on projects that will spur economic development. Key projects expected to be under construction in 2012-13 include reconstruction and widening of the Peach Street Interchange in Erie County; widening and addition to Whitehall Road and University Drive in Centre County; safety improvements and additional turning lane on Hazleton Airport Road in Luzerne County; safety improvement on PA 61—Ontelaunee in Berks County; widening and bridge replacement on PA 412 in Northampton County; bridge replacement and roadway improvements on PA 61 at Deer Lake North in Schuylkill County; reconstruction and widening of US 202 from Swedesford Road to PA 29 in Chester County; construction of the Schaefferstown Bypass in Lebanon County; interchange improvement at I-79 and PA 228 in Butler County; widening of PA 28 and rehabilitation of the Liberty Tunnel in Allegheny County; US 119/PA 819 Interchange improvement in Westmoreland County and the I-79 Meadowlands Interchange in Washington County.					
		Another priority is the preservation of the Interstate Highway System. During 2012-13 key projects in this area will include I-80 bridge replacement eastbound and westbound in Clearfield County; I-80 Susquehanna River bridge rehabilitation in Columbia County; I-81 Wade Bridge rehabilitation in Dauphin and Cumberland counties; bridge replacement at I-79/I-70 Interchange in Washington County; Replacement of the I-70 bridge over PA 519 in Washington County; Interchange improvements and reconstruction of I-70 at Smithton Interchange in Westmoreland County; I-376 Squirrel Hill Tunnel rehabilitation and I-376 Commercial Street Bridge rehabilitation in Allegheny County; and Interchange improvements on I-83 at Exit 10 in York County.					
		Highway Capital Projects (EA)					
\$	5,000	—to continue current program. This line item supplements the Highway and Safety Improvement appropriation. Projects are identified under that appropriation.					
							Bridge Restricted Revenue
							Major bridge projects to be started or continued during 2012-13 include the PA 345 Birdsboro Bridge in Berks County; the Schuylkill Avenue Bridge in Berks County; Platt Bridge over the Schuylkill River in Philadelphia County; 30th Street Station Bridge in Philadelphia County; replacement of Ardmore Bridge in Allegheny County; the Marshall Interchange in Allegheny County; replacement of the Masontown Bridge over the Monongahela River between Fayette and Greene Counties; and PA 228 Mars Railroad Bridge in Butler County.
							Expanded Highway and Bridge Program
\$	0						—funding is provided by Act 44 of 2007 and the associated lease agreement with the Pennsylvania Turnpike Commission.
							Major projects expected to start in Fiscal Year 2012-13 include the replacement of Market Street Bridge over AMTRAK and SEPTA in Delaware County; replacement of the 17 span Trafford Bridge viaduct in Westmoreland County; bridge replacements over T-574 Chapman's Road and over Norfolk Southern RR in Lehigh County; bridge replacement on London Track Road over White Clay Creek in Chester County; replacement of Rolling Road Bridge and Orrstown Road Bridge on PA 533 in Franklin County; bridge replacement on PA 164 over Clover Creek in Blair County; bridge deck replacement on PA 61 in Schuylkill County; and bridge rehabilitation on State Route 1011 over Penns Creek in Snyder County.
							Future projects will be determined by available Act 44 funds and through the metropolitan and rural planning organization process with the update of their 4-year Transportation Improvement Programs.
							Highway Maintenance
							—for distribution to all 67 counties through a needs-based formula.
							Welcome Centers
							—to continue current program.
							Secondary Roads - Maintenance and Resurfacing (EA)
							—to continue current program.
							Disaster Recovery
							—nonrecurring projects.
							Reinvestment - Facilities
							—nonrecurring projects.

The Payment to Turnpike Commission appropriation is recommended at the current year funding level.

Program: Highways and Bridges (continued)

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
MOTOR LICENSE FUND:							
Welcome Centers	\$ 3,064	\$ 3,158	\$ 3,309	\$ 3,309	\$ 3,309	\$ 3,309	\$ 3,309
Highway and Safety Improvements.....	102,885	110,000	110,000	105,000	105,000	105,000	105,000
Expanded Highway and Bridge Program ..	165,000	165,000	165,000	165,000	165,000	165,000	165,000
Highway Capital Projects (EA)	205,000	215,000	220,000	230,000	235,000	240,000	245,000
Highway Maintenance	799,147	867,000	810,000	815,000	815,000	815,000	825,000
Secondary Road - Maintenance and Resurfacing (EA)	61,040	63,797	64,181	64,630	65,147	65,733	66,325
Disaster Recovery	0	58,000	0	0	0	0	0
Reinvestment - Facilities	12,000	16,000	12,000	12,000	12,000	12,000	12,000
Payment to Turnpike Commission (EA).....	28,000	28,000	28,000	28,000	28,000	28,000	28,000
TOTAL MOTOR LICENSE FUND.....	\$ 1,376,136	\$ 1,525,955	\$ 1,412,490	\$ 1,422,939	\$ 1,428,456	\$ 1,434,042	\$ 1,449,634

PROGRAM OBJECTIVE: To assist local governments in the maintenance and construction of their portion of the total highway and bridge system.

Program: Local Highway and Bridge Assistance

The commonwealth provides a number of programs to assist municipal and county governments in the maintenance and construction of their roads and bridges. The majority of state funds are distributed by statutory formula, while federal funds are allocated in partnership with metropolitan and rural transportation planning organizations.

A portion of the revenues from motor fuel taxes is directed by law to municipal payments. Of the flat 12 cent tax on gasoline and diesel fuel, 20 percent of 11.5 cents is set aside for municipal governments. The Oil Company Franchise Tax which was created by Act 35 of 1981 provides a 20 percent share to municipalities. Act 26 of 1991 and Act 3 of 1997 provide a 12 percent share of the revenue received from those increased tax rates. The distribution of funds to the commonwealth's 2,562 municipalities is made in accordance with a statutory formula established in Act 655 of 1956 based on 50 percent road mileage and 50 percent population. Grants may be used for a broad range of highway and bridge activities as set forth in the 1956 legislation. The department provides technical assistance to local governments and is responsible for assuring that expenditures are made in accordance with Act 655.

Municipalities benefit from the receipts generated from three other revenue sources. The funds are distributed to municipalities using the same 50 percent road mileage and 50 percent population distribution formula. The largest of these is a \$30 million annual appropriation created in Act 44 of 2007 with funding from the lease agreement with the Pennsylvania Turnpike Commission. An additional \$6 million per year comes from the collection of certain Vehicle Code fines that are split between the state and local governments. The third revenue source is a \$5 million Supplemental Local Roads Maintenance and Construction Payments appropriation which was established by Act 68 of 1980.

The General Assembly authorized improvements to both state and local bridges through the Highway, Railroad and Highway Bridge Capital Budget Act of 1982-1983 and subsequent amendments. A restricted account was

established in the Motor License Fund which receives revenue from a portion of the Oil Company Franchise Tax and annual registration fees from commonwealth-registered vehicles having a gross weight in excess of 26,000 pounds. For the local program, both municipalities and counties are eligible for grants on the approximately 6,300 bridges greater than 20 feet long that are owned by these political subdivisions. Projects are selected by metropolitan or rural planning organizations and must be approved in the commonwealth's capital budget.

The highway transfer program began with Act 32 of 1983 to restore and turn back local service roads. A restricted account was created in the Motor License Fund which receives a portion of Oil Company Franchise Tax receipts. At the onset of the program, approximately 12,000 miles of roads on the state-owned system were identified as candidates for return to local government control. This is a voluntary program in which the department pays to upgrade a road segment to acceptable standards, transfers ownership to the political subdivision and provides a \$4,000 per mile per year subsidy for future maintenance. Since inception of the program in 1983, approximately 4,700 miles of these roads have been returned to local government control.

There are three programs specifically directed toward county governments. The largest of these goes back to 1931 with the creation of the Liquid Fuels Tax Fund from a half cent of the 12 cent flat tax on gasoline and diesel fuel. About \$31 million is distributed to the 67 counties each fiscal year based on a statutory formula. A second program of about \$4.4 million is funded from a share of the Oil Company Franchise Tax which was set aside in Act 26 of 1991 to assist economically distressed counties in funding the local share of bridge improvement projects. A third program was added in Act 44 of 2007 for maintenance and construction of county bridges with funding from the lease agreement with the Pennsylvania Turnpike Commission. Act 44 specifies the distribution of the \$5 million annual appropriation be calculated based on the percentage of bridge deck area in each of the 67 counties compared to the total for all counties in the state.

Program: Local Highway and Bridge Assistance (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

MOTOR LICENSE FUND
Local Road Maintenance and Construction
Payments
 \$ 295 —to continue current program.

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

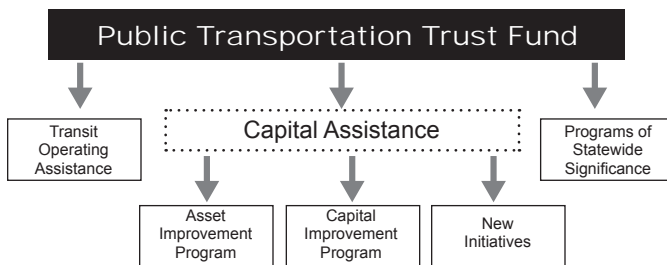
	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
MOTOR LICENSE FUND:							
Local Road Maintenance and Construction Payments.....	\$ 192,100	\$ 199,928	\$ 200,223	\$ 200,328	\$ 200,528	\$ 202,032	\$ 204,760
Supplemental Local Road Maintenance and Construction Payments.....	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Municipal Roads and Bridges.....	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Maintenance and Construction of County Bridges.....	5,000	5,000	5,000	5,000	5,000	5,000	5,000
TOTAL MOTOR LICENSE FUND.....	\$ 232,100	\$ 239,928	\$ 240,223	\$ 240,328	\$ 240,528	\$ 242,032	\$ 244,760

PROGRAM OBJECTIVE: To support public transportation, intercity bus, intercity rail and aviation options that improve the mobility and the quality of life for urban and rural Pennsylvanians, and enhance economic activity throughout the commonwealth.

Program: Intermodal Transportation

Act 44 of 2007 significantly changed the way public transportation is funded in Pennsylvania. The foundation of the law rests on providing dedicated and predictable funding through the Public Transportation Trust Fund, which is linked to need and performance. This law also repealed and replaced much of the public transportation provisions enacted in Act 3 of 1997, Act 26 of 1991 and Act 10 of 1976. It strengthened the department's oversight authority and requires transit agencies to be more accountable.

The Public Transportation Trust Fund consists of five separate accounts. The Transit Operating Assistance account provides grants to service providers for transit operations. Capital assistance comes from three accounts: the Asset Improvement program, the Capital Improvement program and New Initiatives (for fixed guideway systems such as commuter rail or dedicated bus lanes). The Programs of Statewide Significance account supports a variety of programs including Rural Transportation for Persons with Disabilities, intercity bus and rail, Welfare to Work and Job Access Reverse Commute, technical assistance and demonstration projects and rail safety oversight.



Primary revenue sources for the Public Transportation Trust Fund are a 4.4 percent share of the state sales tax, payments from the Pennsylvania Turnpike Commission and transfers from the Lottery Fund. Transit agencies receive additional state funds from the Public Transportation Assistance Fund and from Capital Facilities Fund bond proceeds. Urban systems receive federal funds directly from the Federal Transit Administration, while federal grants to rural service providers are administered by the department and are reflected in commonwealth budget totals.

Program Element: Public Transportation

Public transportation service within Pennsylvania

is provided by 37 transit systems. Operating grants to these organizations are determined by a base allocation calculated on pre-Act 44 subsidy data and supplemental funding coming from four performance factors. The factors are total passengers, senior passengers, revenue vehicle miles and revenue vehicle hours. In order to be eligible for operating assistance, transit agencies eventually will be required to collect a local match of 15 percent of the state grant.

Three capital assistance programs are available to transit operators. The Asset Improvement program is discretionary and requires a local match of 3¹/₃ percent of the state grant. As of FY 2010-11, the Asset Improvement program consists only of the Transportation Assistance Program annual bond release. The portion of the Asset Improvement program funded by the Turnpike has been eliminated as a result of federal disapproval of the plan to place tolls on Interstate 80. The Capital Improvement program is allocated by formula to transit systems based on the number of passengers and requires no local match. Finally, while Act 44 authorizes a New Initiatives program which may be funded at the discretion of the department, funding is dependent on the Turnpike portion of the Asset Improvement Program, which has been eliminated.

In addition to traditional transit operations, the commonwealth supports affordable access to designated groups whose mobility would otherwise be limited. This includes programs for persons with disabilities, older Pennsylvanians (discussed under the Older Pennsylvanians Transit program element) and workers who can benefit from welfare to work or reverse commute services.

The Persons with Disabilities program provides discounted fares on shared ride services to individuals who do not have access to other publicly funded transportation. Act 44 authorized expansion of this program to all eligible counties. Allegheny and Philadelphia counties, with their extensive fixed route networks and complementary paratransit service, are not included. In 2010-11, individuals with disabilities scheduled almost 345,000 shared ride trips at discounted fares.

Welfare to Work and Job Access Reverse Commute were originally created as federal programs to connect workers to their place of employment. As federal grant amounts declined, continued service was in jeopardy without additional state support. Act 44 provided program authorization and state funding.

Program: Intermodal Transportation (continued)

Program Element: Older Pennsylvanians Transit

The commonwealth's older citizens have benefited from greater mobility through the implementation of the Free Transit program in 1973 and the subsequent addition of the Shared Ride program in 1980. Both programs are funded from a portion of the revenues received from state lottery sales.

Under the State Lottery Law, Pennsylvanians who are 65 years of age or older are eligible for free rides on participating local fixed route operations. Act 44 eliminated peak travel time restrictions so that free service is now available during all operating hours. Proceeds from the Lottery Fund are transferred to the Public Transportation Trust Fund for distribution by the department to transit systems as part of their annual operating assistance grant.

The Shared Ride program for older Pennsylvanians, authorized by Act 101 of 1980 and amended by Act 36 of 1991, enables citizens 65 years or older to use demand responsive service at a significant discount of fares. The department contracts with shared-ride service providers who operate on a non-fixed route basis. Riders pay 15 percent of the applicable fare for their respective trips. This program continues to be administered directly from the Lottery Fund, which reimburses shared-ride transit operators the remaining 85 percent of the shared-ride fare.

The Free Transit and Shared Ride programs recognize the limited availability of private transportation for older Pennsylvanians and their reliance upon public transportation. Given that many retired persons must live within a fixed and limited income, these programs enhance the ability of older Pennsylvanians to remain connected with local services and community life.

Program Element: Intercity Transportation

This program element includes intercity bus service operated by private bus companies and intercity rail passenger service operated by Amtrak.

The commonwealth's intercity bus program supports operations on routes where, without state assistance, essential service would be terminated. In 2010-11, nearly 407,000 passengers utilized commonwealth subsidized intercity bus services. As private operators propose termination of such services, the department evaluates the economic and social impacts of service termination and determines the merits of public subsidy. Federal funds also are used to support intercity bus operations and supplement the existing state-sponsored program.

Intercity rail passenger service in Pennsylvania, as distinguished from local or regional commuter service, is presently provided by the National Railroad Passenger Corporation (Amtrak). Limited service is operated as part of Amtrak's national system without financial assistance from the commonwealth. To provide additional service, the department has contracted with Amtrak to supplement Amtrak's national system schedule in the Harrisburg to

Philadelphia Corridor (Keystone Corridor). This financial assistance helps to support 79 one-way trains per week on the Keystone Corridor, with over 1.3 million passenger trips made through this service in 2010-11.

Program Element: Rail Freight

Commonwealth involvement in rail freight began in the mid-1970's as a result of the bankruptcy of seven northeastern and midwestern railroad companies. Congress provided interim federal funding to help states retain service and preserve track on priority routes slated for abandonment. Act 119 of 1984, the Rail Freight Preservation and Improvement Act, established an ongoing state program in recognition of the economic impact of rail freight service on local communities. Short line railroad corporations were formed to acquire and operate these lines so that businesses would continue to have access to low-cost, bulk commodity shipping. Act 119 authorized the department to issue grants to these entities for acquisition, accelerated maintenance and new construction. Pennsylvania now has about 67 short line and regional railroad corporations, which is more than any other state.

To address the fact that many rail lines throughout the commonwealth were in a state of disrepair, two programs were initiated to assist railroad owners with infrastructure improvements. The Rail Freight Assistance program is funded from a General Fund appropriation, and the Transportation Assistance program is funded from Capital Facilities Fund bond proceeds. Grants may be issued to private railroads, companies utilizing rail in their shipping process, and public authorities or municipalities that are conduits for rail activities. The Rail Freight Assistance program and Transportation Assistance program have been used to improve track, make acquisitions and construct new rail facilities. The benefits from these programs include economic development (private investment and associated jobs), environmental quality (fuel efficiency with low emissions), less congestion on the highways (an alternate mode for goods movement), and land use opportunities (redevelopment of existing commercial sites).

Program Element: Aviation

Aviation plays a major role in the movement of passengers and cargo throughout the commonwealth, with 133 public use airports and heliports. These include 15 with scheduled passenger service, all of which are operated by local governments or authorities. In addition to facilitating the movement of people and goods, aviation facilities bring substantial economic benefits to the commonwealth. According to a 2011 study, aviation contributes over \$23 billion of economic benefits to Pennsylvania annually and is responsible for over 304,000 jobs, representing \$9.2 billion in payrolls to Pennsylvania workers.

Program: Intermodal Transportation (continued)

The department provides programs to improve the safety and effectiveness of the commonwealth's aviation network, including an airport inspection and licensing program.

The department administers state and federal grant programs that are available for the commonwealth's public use airports. Two state funded grant programs are funded from the Aviation Restricted Revenue Account, into which taxes on jet fuel and aviation fuel sold in the commonwealth are deposited. This includes an airport development grant program for public use airports to meet safety, security, capacity, environmental and planning needs as well as a

real estate tax rebate program for private and public-use airports, funded from the statewide aviation fuel tax.

The Transportation Assistance Program, which is financed by Capital Facilities Fund bond proceeds, consists of a state aviation program that is only available to airports that have a public sponsor.

Pennsylvania is one of only ten states chosen as a federal block grant state. The commonwealth, through the department, is receiving approximately \$16 million each year from the Federal Aviation Administration to distribute to qualifying airports throughout the commonwealth.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND					
	Rail Freight and Intermodal Coordination		\$	-5,750	Rail Freight Assistance
\$	-27	—nonrecurring 2011-12 budgetary freeze amount.			—funding elimination.
	-18	—reduction in administrative costs.			
\$	-45	<i>Appropriation Decrease</i>	\$	1,975	LOTTERY FUND
					Older Pennsylvanians Shared Ride (EA)
					—to continue current program based on transit system projections.

This budget recommends the Airport Development Grants program at the \$7.0 million level. It is funded from the Aviation Restricted Revenue Account.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Rail Freight and Intermodal Coordination..	\$ 784	\$ 900	\$ 855	\$ 855	\$ 855	\$ 855	\$ 855
Rail Freight Assistance.....	0	5,750	0	0	0	0	0
TOTAL GENERAL FUND	\$ 784	\$ 6,650	\$ 855	\$ 855	\$ 855	\$ 855	\$ 855
LOTTERY FUND:							
Older Pennsylvanians Shared Rides (EA)	\$ 73,119	\$ 79,000	\$ 80,975	\$ 83,000	\$ 85,075	\$ 87,202	\$ 89,381
PUBLIC TRANSPORTATION TRUST FUND:							
Mass Transit Operating (EA)	\$ 663,174	\$ 687,930	\$ 687,146	\$ 690,955	\$ 701,394	\$ 712,128	\$ 723,165
Asset Improvement (EA)	20,302	16,626	0	0	0	0	0
Capital Improvement (EA)	16,710	25,546	36,755	23,509	25,564	27,681	29,861
Programs of Statewide Significance (EA)..	66,744	69,504	84,510	49,600	51,223	52,894	54,615
Transit Administration and Oversight (EA)	4,431	4,488	4,488	4,488	4,488	4,488	4,488
TOTAL PUBLIC TRANSPORTATION TRUST FUND	\$ 771,361	\$ 804,094	\$ 812,899	\$ 768,552	\$ 782,669	\$ 797,191	\$ 812,129

PROGRAM OBJECTIVE: To minimize traffic accidents attributable to driver error and mechanically defective vehicles and to promote highway safety programs.

Program: Safety Administration and Licensing

The Safety Administration and Licensing program is responsible for a number of front-line customer services that affect most of Pennsylvania's adult population. The department is responsible for processing applications and collecting fees for all vehicle registrations, titles and operator licenses. Pennsylvania has more than 11 million registered vehicles including individual automobiles, commercial vehicles, trailers and fleet vehicles, as well as fee-exempt vehicles owned by state and local governments and certain non-profit organizations. This total includes over 195,000 heavy trucks greater than 17,000 pounds and more than 178,000 trailers greater than 10,000 pounds. The number of licensed drivers has remained consistent over the past few years at 8.7 million, including 430,000 commercial drivers. The four-year driver's license expiration cycle is staggered so that about 2.1 million renewals are processed each year. The Safety Administration and Licensing program oversees operator and vehicular licensing activities such as testing, inspections and revocations. The department also operates the Driver's License Examination program. Over 745,000 driving knowledge and skills tests were conducted in fiscal year 2010-11, to certify applicants to operate passenger and commercial vehicles and motorcycles. A statewide network of facilities conducts written, oral and skills tests. Generally, around 300,000 new drivers are licensed each year, either as first-time drivers or drivers from other states.

The safety inspection program for the commonwealth's more than 11 million motor vehicles is intended to minimize traffic accidents due to mechanical failure. As required by the Federal Clean Air Act amendments of 1990, the commonwealth operates an annual Vehicle Emissions Inspection program in 25 counties affecting approximately 7 million vehicles. These counties are: Allegheny, Beaver, Berks, Blair, Bucks, Cambria, Centre, Chester, Cumberland, Dauphin, Delaware, Erie, Lackawanna, Lancaster, Lebanon, Lehigh, Luzerne, Lycoming, Mercer, Montgomery, Northampton, Philadelphia, Washington, Westmoreland and York. In the remaining 42 counties not required to participate in the emissions inspection program, the annual safety inspection program incorporates a visual anti-tampering check for the presence of federally-required emission control components that were installed on the vehicle by the manufacturer. Pennsylvania enforcement officials are responsible for the issuance of citations for Vehicle Code violations. Approximately 595,000 of the

1.6 million citations issued in fiscal year 2010-11 resulted in the department having to take some action against a driver or vehicle record. In addition to assigning points for driver infractions, the department suspends or recalls driver's licenses for an accumulation of points. Commercial drivers may be sanctioned by having their commercial driving privilege revoked for certain offenses. In addition to the regular suspension criteria, commercial vehicle drivers may lose their privilege to drive a commercial vehicle for adjudication of a single major offense or for an accumulation of serious traffic offenses.

The Safety Administration and Licensing program also administers provisions of the National Voter Registration Act of 1993, better known as "Motor Voter," and the commonwealth's Organ Donor program.

The department also processes cancellation notices received from insurance companies. Notification of cancellation prompts the department to have registrants revalidate proper insurance coverage for the vehicle. This process combined with the authority granted to enforcement officials to cite motorists detected as not having insurance can result in a revocation or suspension of vehicle registration. A total of 109,000 vehicle suspensions were imposed during 2010-11 for insurance infractions.

The department currently has 97 offices statewide that offer driver examination and/or photo licensing services and is working with private business to further decentralize its driver and vehicle services to improve access. In 2010-11, 2.4 million customers visited driver license centers and over 3 million customers came to get their pictures taken for their photo license and photo ID cards. The computerized online messenger program, which connects private businesses with the department, has been the cornerstone of the decentralization effort. There are currently 244 messenger sites, processing 1.1 million driver's license and motor vehicle transactions annually. Other efforts to improve service include more efficient linkage between the department and automobile dealers, leasing and rental agencies and fleet owners for the immediate processing of registration and titling transactions. Customers can also process transactions on the department's Internet renewal system. During 2010-11, approximately 3.6 million customers renewed their non-commercial driver's license, photo identification card or vehicle registration via the Internet.

Program: Safety Administration and Licensing (continued)

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND		MOTOR LICENSE FUND	
	Photo ID Cards		Safety Administration and Licensing
\$ 1,000	—Initiative—Non-Drivers License Identification Card. To provide funds to issue a non-drivers license identification card to any voter who declares it necessary for voting purposes.	\$ 3,592	—to continue current program.
		2,701	—ongoing initiative for enhanced security of driver and vehicle documents.
		<u>\$ 6,293</u>	<i>Appropriation Increase.</i>

All other appropriations are recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Vehicle Sales Tax Collections.....	\$ 1,093	\$ 882	\$ 882	\$ 882	\$ 882	\$ 882	\$ 882
Voter Registration.....	198	422	422	422	422	422	422
Photo ID Cards.....	0	0	1,000	1,000	1,000	1,000	1,000
TOTAL GENERAL FUND	<u>\$ 1,291</u>	<u>\$ 1,304</u>	<u>\$ 2,304</u>	<u>\$ 2,304</u>	<u>\$ 2,304</u>	<u>\$ 2,304</u>	<u>\$ 2,304</u>
MOTOR LICENSE FUND:							
Safety Administration and Licensing.....	<u>\$ 115,820</u>	<u>\$ 125,109</u>	<u>\$ 131,402</u>	<u>\$ 127,485</u>	<u>\$ 127,670</u>	<u>\$ 127,279</u>	<u>\$ 127,279</u>

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Program: Transportation Support Services							
Overhead costs as a percentage of department budget (state funds)	1.15%	1.20%	1.30%	1.30%	1.30%	1.30%	1.30%
Program: Highways and Bridges							
Highway and Bridge Construction/Reconstruction							
Miles of new highway construction	11	19	15	15	15	15	15
Miles of Interstate reconstruction or restoration	166	84	113	113	113	113	113
Miles of non-Interstate reconstruction or restoration	171	160	133	133	133	133	133
Interstate highway system in good or excellent condition	82.40%	79.50%	78.20%	76.90%	75.50%	74.20%	72.90%
Interstate highway system in poor condition	3.70%	5.10%	5.70%	6.30%	6.90%	7.60%	8.20%
National Highway System non-interstate highways in good or excellent condition	70.50%	67.10%	65.40%	63.90%	62.40%	60.90%	59.40%
National Highway System non-interstate highways in poor condition	9.10%	11.10%	12.10%	13.10%	14.20%	15.30%	16.30%
Bridges replaced/repaired	442	320	290	250	240	230	220
Structurally deficient bridges by deck area	15.80%	14.80%	13.30%	12.70%	11.70%	11.70%	11.80%
Variance of final cost of construction versus original contract amount	3.20%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%
Number of bridges preserved	345	220	190	190	190	190	190
Highway and Bridge Maintenance							
Miles of State maintained highways	39,793	39,768	39,743	39,718	39,693	39,668	39,643
Miles of state maintained highways improved:							
Structural restoration	181	195	180	175	165	160	155
Maintenance resurfacing	1,373	1,285	1,020	1,010	1,000	990	980
Surface Repairs	4,238	4,075	3,900	3,870	3,835	3,800	3,765
Total	5,792	5,555	5,100	5,055	5,000	4,950	4,900
Program: Local Highway and Bridge Assistance							
Miles of highway locally administered:							
Total	77,706	77,900	78,100	78,300	78,500	78,700	78,900
Percentage of all locally maintained highways in the commonwealth	66.10%	66.20%	66.30%	66.30%	66.40%	66.50%	66.60%

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Local bridges:							
Total (greater than 20 feet)	6,332	6,332	6,332	6,332	6,332	6,332	6,332
Brought up to standard through State Bridge Program	40	35	35	35	30	30	30
Program: Intermodal Transportation							
Mass Transportation							
Passengers carried by state-assisted operators (millions annually)	432.40	429.70	429.70	429.70	429.70	429.70	429.70
Passengers per vehicle hour	40.80	41.30	41.30	41.30	41.30	41.30	41.30
Percentage share of average income of mass transit trips:							
From revenue	36.90%	35.20%	35.20%	35.20%	35.20%	35.20%	35.20%
From commonwealth	46.90%	48.80%	48.80%	48.80%	48.80%	48.80%	48.80%
From federal government	9.10%	9.10%	9.10%	9.10%	9.10%	9.10%	9.10%
From local government	7.10%	6.90%	6.90%	6.90%	6.90%	6.90%	6.90%
Older Pennsylvanians Transit							
Free transit trips (millions annually)	35.18	36.75	37.10	37.45	37.85	38.25	38.65
Trips on state assisted shared ride vehicles (millions annually)	4.49	4.60	4.65	4.75	4.85	4.90	5.05
Cost to the commonwealth per trip:							
Free Transit	\$2.45	\$2.45	\$2.47	\$2.49	\$2.51	\$2.53	\$2.55
State assisted shared ride vehicles	\$15.51	\$15.66	\$15.85	\$16.05	\$16.23	\$16.42	\$16.58
Intercity Transportation							
Intercity Bus:							
Passengers handled	406,604	418,800	431,400	444,300	457,600	471,400	485,500
Subsidy per bus mile	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48
Intercity Rail:							
Passengers handled	1,337,543	1,350,900	1,364,400	1,378,100	1,391,900	1,405,800	1,419,800
Subsidy per passenger mile	\$0.22	\$0.23	\$0.23	\$0.24	\$0.24	\$0.25	\$0.25
Rail Freight:							
Miles of rail lines, state assisted	190	200	190	190	190	190	190
Jobs created by state-supported rail freight improvements	985	1,040	1,040	1,040	1,040	1,040	1,040
Additional trucks that would be needed without rail freight bulk cargo service	244,565	317,700	317,700	317,700	317,700	317,700	317,700
Aviation:							
Airport development grants	100	55	55	55	55	55	55
Projects receiving federal priority	89%	90%	90%	90%	90%	90%	90%
Runways with a pavement condition index of fair or better	94%	94%	94%	94%	94%	94%	94%
Program: Safety Administration and Licensing							
Vehicles inspected:							
Safety inspections	10,657,670	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
Emission inspections	7,049,810	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000

Program Measures

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Registrations:							
New	746,821	750,000	750,000	750,000	760,000	760,000	760,000
Renewed	8,459,194	8,600,000	8,600,000	8,600,000	8,600,000	8,600,000	8,600,000
Licensed drivers:							
New	298,453	300,000	300,000	300,000	300,000	300,000	300,000
Renewed	2,065,692	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
New commercial drivers licensed	15,851	14,000	14,000	14,000	14,000	14,000	14,000
Photo identification cards issued (non-driver photos)	351,279	350,000	350,000	350,000	350,000	350,000	350,000
Photo identification cards issued for voting purposes (non-driver photos)*	0	0	74,000	74,000	74,000	74,000	74,000
Service center customers served within 30 minutes	86.60%	90.50%	90.50%	91.50%	91.50%	92.50%	92.50%
Access rate of driver and vehicle services call center	99.80%	99.50%	99.50%	99.50%	99.50%	99.50%	99.50%

* New Program Measure

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LEGISLATURE

The General Assembly of Pennsylvania formulates and enacts the public policy of the commonwealth. Through legislation and resolution, it defines the functions of the state government, provides for revenue for the commonwealth and appropriates money for the operation of state agencies and other purposes.

The General Assembly is composed of two bodies—the Senate and the House of Representatives. Its sessions begin on the first Tuesday of each year unless otherwise convened by proclamation of the Governor.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Senate:			
Senators' Salaries.....	\$ 6,340	\$ 6,734	\$ 6,734
Senate President - Expenses.....	300	300	300
Employees of Chief Clerk.....	2,723	2,540	2,413
Salaried Officers and Employees.....	9,836	10,300	9,785
Reapportionment Expenses.....	800	0	0
Incidental Expenses.....	2,962	2,821	2,680
Postage.....	1,040	0	0
Expenses - Senators.....	1,238	1,238	1,176
Legislative Printing and Expenses.....	7,425	6,867	6,524
Computer Services (R).....	1,980	0	0
Computer Services (D).....	1,980	0	0
Committee on Appropriations (R).....	249	0	0
Committee on Appropriations (D).....	249	0	0
Committee on Appropriations (R) and (D).....	0	2,498	2,373
Caucus Operations (R) and (D).....	0	60,000	57,000
Caucus Operations (R).....	28,280	0	0
Caucus Operations (D).....	28,280	0	0
Subtotal.....	\$ 93,682	\$ 93,298	\$ 88,985
House of Representatives:			
Members' Salaries, Speaker's Extra Compensation.....	\$ 17,656	\$ 25,584	\$ 25,584
Caucus Operations (R) and (D).....	11,000	95,500	90,725
House Employees (R).....	18,774	0	0
House Employees (D).....	18,774	0	0
Speaker's Office.....	1,714	1,714	1,628
Bi-Partisan Committee, Chief Clerk, Comptroller and EMS.....	11,298	14,048	13,346
Reapportionment Expenses.....	800	0	0
Mileage - Representatives, Officers and Employees.....	352	352	334
Chief Clerk and Legislative Journal.....	2,645	2,645	2,513
Speaker.....	20	0	0
Chief Clerk.....	553	0	0
Floor Leader (R).....	7	0	0
Floor Leader (D).....	7	0	0
Whip (R).....	6	0	0
Whip (D).....	6	0	0
Chairman - Caucus (R).....	3	0	0
Chairman - Caucus (D).....	3	0	0
Secretary - Caucus (R).....	3	0	0
Secretary - Caucus (D).....	3	0	0
Chairman - Appropriations Committee (R).....	6	0	0
Chairman - Appropriations Committee (D).....	6	0	0
Chairman - Policy Committee (R).....	2	0	0
Chairman - Policy Committee (D).....	2	0	0
Caucus Administrator (R).....	2	0	0
Caucus Administrator (D).....	2	0	0
Administrator for Staff (R).....	20	0	0
Administrator for Staff (D).....	20	0	0
Contingent Expenses (R) and (D).....	0	671	637
Legislative Office for Research Liaison.....	577	0	0
Incidental Expenses.....	7,800	4,800	4,560
Expenses - Representatives.....	4,526	4,026	3,825
Legislative Printing and Expenses.....	15,608	12,108	11,503
National Legislative Conference - Expenses.....	484	484	460
Committee on Appropriations (R).....	5,052	3,052	2,899
Committee on Appropriations (D).....	5,052	3,052	2,899
Special Leadership Account (R).....	10,225	5,725	5,439

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
Special Leadership Account (D).....	10,225	5,725	5,439
Legislative Management Committee (R).....	19,176	0	0
Legislative Management Committee (D).....	19,176	0	0
Information Technology (R).....	6,498	0	0
Information Technology (D).....	6,498	0	0
Subtotal.....	<u>\$ 194,581</u>	<u>\$ 179,486</u>	<u>\$ 171,791</u>
Total - General Government.....	<u>\$ 288,263</u>	<u>\$ 272,784</u>	<u>\$ 260,776</u>
GENERAL FUND TOTAL.....	<u>\$ 288,263</u>	<u>\$ 272,784</u>	<u>\$ 260,776</u>

* This budget presents the Government Support Agencies appropriations in a new section on page E46.3.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
LEGISLATURE							
GENERAL FUND.....	\$ 288,263	\$ 272,784	\$ 260,776	\$ 260,776	\$ 260,776	\$ 260,776	\$ 260,776
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 288,263	\$ 272,784	\$ 260,776	\$ 260,776	\$ 260,776	\$ 260,776	\$ 260,776
ALL PROGRAMS:							
GENERAL FUND.....	\$ 288,263	\$ 272,784	\$ 260,776	\$ 260,776	\$ 260,776	\$ 260,776	\$ 260,776
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	0	0	0	0	0	0	0
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 288,263	\$ 272,784	\$ 260,776	\$ 260,776	\$ 260,776	\$ 260,776	\$ 260,776

PROGRAM OBJECTIVE: To formulate and enact the public policy of the commonwealth, to define the functions of state government, to provide revenue for the commonwealth and to appropriate money for the operation of state agencies and for other purposes.

Program: Legislature

This program provides for the operation of the General Assembly, which consists of a 50 member Senate and a 203 member House of Representatives, funded

by numerous General Fund appropriations. These appropriations are detailed in the Summary by Fund and Appropriation portion of this presentation.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
Legislature
 \$ -12,008 —funding reduction.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
TOTAL GENERAL FUND	\$ 288,263	\$ 272,784	\$ 260,776	\$ 260,776	\$ 260,776	\$ 260,776	\$ 260,776



JUDICIARY

The objective of the judicial system of the commonwealth is to provide citizens with prompt and equitable justice under the law.

The court system includes the Supreme Court, Superior Court, Commonwealth Court, Courts of Common Pleas and Community Courts including Magisterial District Judges, Philadelphia Municipal Court, Philadelphia Traffic Court and the Pittsburgh Municipal Court.

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Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Supreme Court:			
Supreme Court.....	\$ 13,424	\$ 13,424	\$ 13,424
Justices Expenses.....	115	115	115
Judicial Center Operations.....	655	655	655
Judicial Council.....	137	137	137
District Court Administrators.....	16,773	16,773	16,773
Interbranch Commission.....	349	349	349
Court Management Education.....	71	71	71
Rules Committees.....	1,448 ^a	1,448	1,448
Court Administrator.....	9,663	9,663	9,663
(F)Court Improvement Project.....	1,705	1,420	1,420
(F)Drug Court - MIS.....	200	0	0
(F)Drug Court Training (EA).....	40	18	0
(F)Stop Violence Against Women (EA).....	198	198	0
Integrated Criminal Justice System.....	2,303	2,303	2,303
(R)Judicial Computer System.....	57,048	57,048	57,048
(F)ARRA - Specialty Courts IT Project (EA).....	0	450	0
Unified Judicial System Security.....	1,994	1,994	1,994
Subtotal.....	\$ 106,123	\$ 106,066	\$ 105,400
Superior Court:			
Superior Court.....	\$ 26,237	\$ 26,237	\$ 26,237
Judges Expenses.....	178	178	178
Subtotal.....	\$ 26,415	\$ 26,415	\$ 26,415
Commonwealth Court:			
Commonwealth Court.....	\$ 15,926	\$ 15,926	\$ 15,926
Judges Expenses.....	128	128	128
Subtotal.....	\$ 16,054	\$ 16,054	\$ 16,054
Courts of Common Pleas:			
Courts of Common Pleas.....	\$ 79,136	\$ 92,083	\$ 92,083
Senior Judges.....	3,607	3,607	3,607
Judicial Education.....	1,105	1,105	1,105
Ethics Committee.....	55	55	55
Subtotal.....	\$ 83,903	\$ 96,850	\$ 96,850
Magisterial District Judges:			
Magisterial District Judges.....	\$ 58,986	\$ 68,039	\$ 68,039
Magisterial District Judge Education.....	651	651	651
Subtotal.....	\$ 59,637	\$ 68,690	\$ 68,690
Philadelphia Courts:			
Traffic Court.....	\$ 912	\$ 912	\$ 912
Municipal Court.....	5,546	5,546	5,546
Subtotal.....	\$ 6,458	\$ 6,458	\$ 6,458

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
Judicial Conduct Board	\$ 1,182	\$ 1,182	\$ 1,182
Court of Judicial Discipline	454	454	454
Subtotal - State Funds.....	\$ 241,035	\$ 263,035	\$ 263,035
Subtotal - Federal Funds.....	2,143	2,086	1,420
Subtotal - Restricted Revenues.....	57,048	57,048	57,048
Total - General Government.....	\$ 300,226	\$ 322,169	\$ 321,503
Grants and Subsidies:			
Reimbursement of County Costs:			
Jurors Cost Reimbursement	\$ 1,085	\$ 1,085	\$ 1,085
County Courts Reimbursement	33,405 ^b	33,405	33,405
Senior Judge Reimbursement	1,335	1,335	1,335
Subtotal.....	\$ 35,825	\$ 35,825	\$ 35,825
Total - Grants and Subsidies.....	\$ 35,825	\$ 35,825	\$ 35,825
STATE FUNDS.....	\$ 276,860	\$ 298,860	\$ 298,860
FEDERAL FUNDS.....	2,143	2,086	1,420
RESTRICTED REVENUES.....	57,048	57,048	57,048
GENERAL FUND TOTAL	\$ 336,051	\$ 357,994	\$ 357,328

^a Appropriated as \$291,000 for Civil Procedure Rules Committee, \$150,000 for Appellate/Orphans Rules Committee, \$157,000 for Rules of Evidence Committee, \$139,000 for Minor Court Rules Committee, \$375,000 for Criminal Procedural Rules Committee, \$168,000 for Domestic Relations Committee, and \$168,000 for Juvenile Court Rules Committee.

^b Appropriated as \$30,235,000 for County Courts Reimbursement, \$36,000 for Law Clerks, \$218,000 for Domestic Violence Services, \$1,276,000 for Gun Court Reimbursements, and \$1,640,000 for Court Consolidations.

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
STATE JUDICIAL SYSTEM							
GENERAL FUND.....	\$ 276,860	\$ 298,860	\$ 298,860	\$ 298,860	\$ 298,860	\$ 298,860	\$ 298,860
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,143	2,086	1,420	1,420	1,420	1,420	1,420
OTHER FUNDS.....	57,048	57,048	57,048	57,048	57,048	57,048	57,048
SUBCATEGORY TOTAL.....	\$ 336,051	\$ 357,994	\$ 357,328	\$ 357,328	\$ 357,328	\$ 357,328	\$ 357,328
ALL PROGRAMS:							
GENERAL FUND.....	\$ 276,860	\$ 298,860	\$ 298,860	\$ 298,860	\$ 298,860	\$ 298,860	\$ 298,860
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	2,143	2,086	1,420	1,420	1,420	1,420	1,420
OTHER FUNDS.....	57,048	57,048	57,048	57,048	57,048	57,048	57,048
DEPARTMENT TOTAL.....	\$ 336,051	\$ 357,994	\$ 357,328	\$ 357,328	\$ 357,328	\$ 357,328	\$ 357,328

PROGRAM OBJECTIVE: To provide the citizens of the commonwealth with prompt and equitable justice under the law.

Program: State Judicial System

Pennsylvania's Unified Judicial System is comprised of a court system consisting of the Supreme Court, Superior Court, Commonwealth Court, Courts of Common Pleas, Philadelphia Municipal Court, Pittsburgh Municipal Court, Traffic Court of Philadelphia and Magisterial District Court.

In counties other than Philadelphia, courts at the first level of the system are presided over by Magisterial District Judges who have jurisdiction over summary criminal cases, landlord-tenant matters and other civil actions where the amount claimed does not exceed \$12,000. They also have jurisdiction to issue warrants, hold arraignments and preliminary hearings in all criminal cases and accept guilty pleas under certain circumstances. Magisterial District Judges need not be lawyers, but must complete an educational course and pass a qualifying examination to serve.

In Philadelphia, the Municipal Court and the Traffic Court are the initial levels of the court system. Municipal Court is a court of record whose 25 judges must be lawyers. Its limited jurisdiction is analogous to that of the Magisterial District Judges. The Philadelphia Traffic Court, composed of seven judges who need not be lawyers, has jurisdiction over all summary offenses under the Motor Vehicle Code and related city ordinances. Like Magisterial District Judges, Traffic Court Judges must complete the certifying course and pass the qualifying examination.

The Supreme Court established by order an administrative judicial unit within the Fifth Judicial District (Allegheny County) known as "Pittsburgh Municipal Court." The court was created in January 2005. Magisterial District Judges from Allegheny County sit on assignment by the Fifth Judicial District president judge. Most matters that were previously assigned to Pittsburgh Magistrates Court have been assigned to this court.

The second level in the court system is the Courts of Common Pleas, which are courts of general trial jurisdiction. They have original jurisdiction over all cases that are not exclusively assigned to another court. Appellate jurisdiction extends to appeals from final orders of the lower courts and appeals from certain state and most local government agencies.

Appeals from the Courts of Common Pleas are generally handled by one of the two intermediate-level appellate courts: Superior Court and Commonwealth Court, the third level of the Unified Judicial System. Commonwealth Court, with nine judges, has jurisdiction over appeals involving government agencies and officials, as well as many matters involving not-for-profit corporations. It also has original jurisdiction over Election Code matters and cases

involving state officials. Superior Court with 15 judges has jurisdiction over all direct appeals that are not within the specific statutory jurisdiction of another appellate court.

Established in 1722, the Supreme Court is Pennsylvania's court of last resort. Its seven justices, including the chief justice, are also responsible for administration of the entire Unified Judicial System.

In accordance with the state constitution and statute, there is a two-tiered, independent judicial disciplinary system. The role of the first tier, the Judicial Conduct Board, is to investigate complaints regarding the conduct of judges. Hearings are conducted by the second tier, the Court of Judicial Discipline, to determine whether a sanction should be imposed upon a member of the Judiciary.

As defined by the state constitution, statute and court rule, the Administrative Office of Pennsylvania Courts (AOPC) is the administrative arm of the Supreme Court, assisting the court in its oversight responsibility of the Unified Judicial System. The AOPC provides services for approximately 2,100 members of the Judiciary and staff, including budgeting, accounting, benefits and retirement counseling, legal representation, policy guidance, technical advice, education, research, legislative affairs, communications, administration and judicial automation.

The Supreme Court has initiated a number of programs in recent years to facilitate the administration of justice within the commonwealth. Among the more recent of these are the creation within AOPC of the Office for Children and Families in the Court, which assists courts statewide in providing neglected and abused children with safe and permanent homes in as brief a time as possible, and a program to assist judicial districts in establishing, expanding or maintaining special problem-solving courts, such as drug courts, mental health and veterans courts. Responsibility for these programs is vested in the AOPC. Through exercise of its statutory realignment responsibilities, the Supreme Court has established the goal of reducing the number of magisterial districts by approximately 10 percent as a cost-cutting measure. This process is presently underway, and will continue throughout the decennial realignment process following release of data from the 2010 census. As of January 2, 2012, the Supreme Court has eliminated 10 districts.

The Judicial Computer System (JCS) has the ultimate goal of computerization of the entire Judiciary. The integrated case and financial management system envisioned by the Supreme Court, and among the first of its scope nationally, has been an unqualified success

Program: State Judicial System (continued)

in each of its stages. These stages presently include the Magisterial District Judge System, which serves the existing 535 magisterial districts, the Pennsylvania Appellate Courts Case Management System, which serves the three appellate courts; and the Common Pleas Criminal Case Management System which automated the criminal courts statewide. A future stage will automate civil courts. The JCS also established the Administrative Services Application System to serve the administrative functions of accounting, budgeting, payroll and human resources. The Judiciary has been a keystone of the commonwealth's multi-agency Integrated Criminal Justice Network (commonly known as JNET) from its inception and provides it with important data from its automated court system.

Act 49 of 2009 was enacted to provide an additional funding stream to support Judiciary operations. It imposed a temporary 25-month surcharge, beginning December 8, 2009, on the existing Act 122 (2002) fee – excluding summary traffic offenses, established to support the JCS and legal services funding through the Access to Justice program. The surcharge, which was extended 36 months to December 31, 2014 by Act 30 of 2011, consists of \$10.25 to fund Judiciary operations, and \$1.00 for Access to Justice. It also established a permanent \$2.25 fee directed to the Criminal Justice Enhancement Account to help support salaries for the full-time county district attorneys.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

Judiciary is recommended at the current year funding level.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Supreme Court	\$ 13,424	\$ 13,424	\$ 13,424	\$ 13,424	\$ 13,424	\$ 13,424	\$ 13,424
Justices Expenses	115	115	115	115	115	115	115
Judicial Center Operations	655	655	655	655	655	655	655
Judicial Council	137	137	137	137	137	137	137
District Court Administrators	16,773	16,773	16,773	16,773	16,773	16,773	16,773
Interbranch Commission	349	349	349	349	349	349	349
Court Management Education	71	71	71	71	71	71	71
Rules Committees	1,448	1,448	1,448	1,448	1,448	1,448	1,448
Court Administrator	9,663	9,663	9,663	9,663	9,663	9,663	9,663
Integrated Criminal Justice System	2,303	2,303	2,303	2,303	2,303	2,303	2,303
Unified Judicial System Security	1,994	1,994	1,994	1,994	1,994	1,994	1,994
Superior Court	26,237	26,237	26,237	26,237	26,237	26,237	26,237
Judges Expenses	178	178	178	178	178	178	178
Commonwealth Court	15,926	15,926	15,926	15,926	15,926	15,926	15,926
Judges Expenses	128	128	128	128	128	128	128
Courts of Common Pleas	79,136	92,083	92,083	92,083	92,083	92,083	92,083
Senior Judges	3,607	3,607	3,607	3,607	3,607	3,607	3,607
Judicial Education	1,105	1,105	1,105	1,105	1,105	1,105	1,105
Ethics Committee	55	55	55	55	55	55	55
Magisterial District Judges	58,986	68,039	68,039	68,039	68,039	68,039	68,039
Magisterial District Judge Education	651	651	651	651	651	651	651
Traffic Court	912	912	912	912	912	912	912
Municipal Court	5,546	5,546	5,546	5,546	5,546	5,546	5,546
Judicial Conduct Board	1,182	1,182	1,182	1,182	1,182	1,182	1,182
Court of Judicial Discipline	454	454	454	454	454	454	454
Jurors Cost Reimbursement	1,085	1,085	1,085	1,085	1,085	1,085	1,085
County Courts Reimbursement	33,405	33,405	33,405	33,405	33,405	33,405	33,405
Senior Judge Reimbursement	1,335	1,335	1,335	1,335	1,335	1,335	1,335
TOTAL GENERAL FUND	\$ 276,860	\$ 298,860	\$ 298,860	\$ 298,860	\$ 298,860	\$ 298,860	\$ 298,860

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GOVERNMENT SUPPORT AGENCIES

Government support agencies serve the members of the legislature, legislative committees, the Governor, heads of state agencies, and in certain cases, citizens of the commonwealth by providing research, fiscal and regulatory review, and administrative and operational support.

The Government Support Agencies appropriations were previously shown in the Legislature.

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Government Support Agencies

Summary by Fund and Appropriation

(Dollar Amounts in Thousands)

	2010-11 ACTUAL	2011-12 AVAILABLE	2012-13 BUDGET
GENERAL FUND:			
<i>General Government:</i>			
Legislative Reference Bureau - Salaries and Expenses.....	\$ 6,699	\$ 6,699	\$ 6,364
Contingent Expenses.....	18	17	16
Printing of PA Bulletin and PA Code.....	701	701	666
Subtotal.....	\$ 7,418	\$ 7,417	\$ 7,046
Legislative Budget and Finance Committee.....	1,757	1,318	1,252
Legislative Data Processing Center.....	2,791	17,369	16,501
Joint State Government Commission.....	1,402	1,052	999
Local Government Commission.....	1,063	1,010	960
Local Government Codes.....	22	11	10
Joint Legislative Air and Water Pollution Control Committee.....	389	292	277
Legislative Audit Advisory Commission.....	163	150	143
Independent Regulatory Review Commission.....	1,680	1,680	1,596
Capitol Preservation Committee.....	414	414	393
Capitol Restoration.....	1,906	1,811	1,720
Commission on Sentencing.....	1,397	1,327	1,261
(F)JAG - Consolidated Project Grants (EA).....	1,280	1,280	1,280
Center For Rural Pennsylvania.....	870	653	620
Commonwealth Mail Processing Center.....	1,027	2,894	2,749
Host State Committee Expenses.....	49	0	0
Legislative Reapportionment Commission.....	2,400	2,400	0
Independent Fiscal Office.....	0	1,900	1,805
Subtotal.....	\$ 18,610	\$ 35,561	\$ 31,566
Subtotal - State Funds.....	\$ 24,748	\$ 41,698	\$ 37,332
Subtotal - Federal Funds.....	1,280	1,280	1,280
Total - General Government.....	\$ 26,028	\$ 42,978	\$ 38,612
STATE FUNDS.....	\$ 24,748	\$ 41,698	\$ 37,332
FEDERAL FUNDS.....	1,280	1,280	1,280
GENERAL FUND TOTAL.....	\$ 26,028	\$ 42,978	\$ 38,612

Program Funding Summary

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GOVERNMENT SUPPORT AGENCIES							
GENERAL FUND.....	\$ 24,748	\$ 41,698	\$ 37,332	\$ 37,332	\$ 37,332	\$ 37,332	\$ 37,332
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,280	1,280	1,280	1,280	1,280	1,280	1,280
OTHER FUNDS.....	0	0	0	0	0	0	0
SUBCATEGORY TOTAL.....	\$ 26,028	\$ 42,978	\$ 38,612	\$ 38,612	\$ 38,612	\$ 38,612	\$ 38,612
ALL PROGRAMS:							
GENERAL FUND.....	\$ 24,748	\$ 41,698	\$ 37,332	\$ 37,332	\$ 37,332	\$ 37,332	\$ 37,332
SPECIAL FUNDS.....	0	0	0	0	0	0	0
FEDERAL FUNDS.....	1,280	1,280	1,280	1,280	1,280	1,280	1,280
OTHER FUNDS.....	0	0	0	0	0	0	0
DEPARTMENT TOTAL.....	\$ 26,028	\$ 42,978	\$ 38,612	\$ 38,612	\$ 38,612	\$ 38,612	\$ 38,612

Government Support Agencies

PROGRAM OBJECTIVE: To provide research, fiscal and regulatory review, and administrative and operational support.

Program: Government Support Agencies

This program primarily supports state government legislative operations by providing research, fiscal and regulatory review, and administrative and operational support.

The Legislative Reference Bureau prepares requested legislative bills and resolutions for introduction in the General Assembly; advises members of the Legislature and legislative committees; and, from time to time, prepares proposed codifications of existing general statutes for adoption or rejection by the General Assembly.

The Legislative Budget and Finance Committee (LBFC), is a bipartisan, bicameral legislative service agency that conducts studies and makes recommendations aimed at eliminating unnecessary expenditures; promoting economy in the government of the commonwealth; and assuring that state funds are being expended in accordance with legislative intent and law.

The Legislative Data Processing Center (LDPC) establishes and operates computer systems capable of storing and retrieving all of the financial, factual, procedural and legal information necessary to serve all of the committees, officers and agencies of the General Assembly.

The Joint State Government Commission serves as the bipartisan and bicameral research agency of the General Assembly.

The Local Government Commission is a bipartisan legislative service agency affording research assistance to propose legislation that will enable local governments

to be more effective and efficient in providing services.

The Joint Legislative Air and Water Pollution Control Committee conducts studies regarding air, water, and mining practices in the state and makes recommendations to the General Assembly.

The Legislative Audit and Advisory Commission plans and performs the audit of the General Assembly's financial transactions.

The Independent Regulatory Review Commission (IRRC) reviews commonwealth agency regulations to ensure that they are in the public interest.

The Capitol Preservation Committee (CPC) works to preserve the art, architecture, and history of the Pennsylvania Capitol Building and Complex.

The Pennsylvania Commission on Sentencing adopts statewide sentencing guidelines.

The Center for Rural Pennsylvania serves as a resource for rural policy within the General Assembly.

The Commonwealth Mail Processing Center screens and dispatches correspondences, packages and parcels.

The Legislative Reapportionment Commission receives the Census Bureau redistricting data in each year following the year of the federal decennial census. It is used as a basis for apportioning seats in the U.S. House of Representatives. Census data is also used to redraw legislative districts for the House of Representatives and the State Senate.

The Pennsylvania Independent Fiscal Office provides nonpartisan budget information and analysis.

Program Recommendations:

This budget recommends the following changes: (Dollar Amounts in Thousands)

GENERAL FUND
Government Support Agencies
 \$ -4,366 —funding reduction.

Appropriations within this Program:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL FUND:							
Government Support Agencies.....	\$ 24,748	\$ 41,698	\$ 37,332	\$ 37,332	\$ 37,332	\$ 37,332	\$ 37,332

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Commonwealth of Pennsylvania

Governor's Executive Budget

CAPITAL BUDGET

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CAPITAL BUDGET

Program Summary

This section contains the 2012-13 Capital Budget and Five Year Capital Program. The proposed funding sources and amounts needed to support capital programs are projected for five fiscal years.

All projects are grouped by categories regardless of the source of funding. The categories, as explained below, are consistently used for projects which are to be funded by commonwealth debt obligations, current revenues and funds received from other jurisdictions. Funding source distinctions are clearly noted throughout the section which itemizes the recommended capital program.

Public Improvement Projects — This category includes various types of new buildings and renovation projects. Also included are nonstructural improvements and the acquisition of land. The design and construction for the majority of these projects is administered by the Department of General Services. However, Keystone Recreation, Park and Conservation and the Environmental Stewardship Projects are administered by the Department of Conservation and Natural Resources.

Public Improvement—Original Furniture and Equipment Projects — This category provides for the equipping of newly completed public improvement projects by purchasing original movable furniture and equipment through the Department of General Services. Replacement furniture and equipment to be used in existing buildings are purchased as fixed assets through agency operating budgets.

Transportation Assistance Projects — These projects include: (a) the purchase of rolling stock and construction or improvement of facilities operated by mass transportation agencies throughout the commonwealth; (b) the acquisition, construction and equipping of rural and intercity common carrier surface transportation systems or any components thereof; and (c) air transportation systems. These projects are administered by the Department of Transportation.

Redevelopment Assistance Projects — This category provides grants for the acquisition of land and the construction of buildings and other property appurtenances for municipal agencies and authorities for economic development and the prevention and elimination of blight.

Flood Control Projects — This category provides the state's share of federal flood control works and improvements to prevent floods and to preserve, control and regulate the flow of rivers and streams in the commonwealth. These projects are administered by the Department of Environmental Protection.

Highway Projects — This category includes the design, purchase of rights-of-way, construction, reconstruction and other improvements to highways and bridges on the state highway system. These projects are designed and constructed by the Department of Transportation.

Capital Budget Financing — As is indicated wherever necessary, many capital projects are financed by current revenues either from dedicated sources or appropriations through operating budgets. However, most of the authorizations recommended in the capital budget are debt financed for varying terms by General Obligation Bonds. See the Public Debt Section (Section G) for further discussion of Debt Policy.

The Capital Budget section consists of the following subsections.

2012-13 New Project Authorizations — This section itemizes and describes the new capital projects recommended for authorization in 2012-13 and their proposed source of funding. The projects are listed by department and capital project category.

Impact on Operating Costs — The description of each capital project recommended for authorization contains a statement concerning the impact on program operating costs expected from the implementation of the capital project. With certain exceptions, the statement indicates little or no effect on operating costs. This is due to the fact that most capital projects involve the renovation or replacement of existing facilities. Consequently, any operating cost impact is derived from such items as efficiencies in energy consumption and avoided maintenance. These items, when viewed in terms of the total agency or program budget, generally tend to be negligible. An exception is when a very large scale project is implemented which will dramatically change these and other elements of an operating budget. In these cases, the expected change in operating expenses is quantified. An additional case in which the net change in operating cost will be quantified is where new construction will result in a significant increase in the capital asset base. In this case, the

estimated effect on operating costs will be shown with the capital project when recommended for authorization. A more precise figure will be recommended in the agency's operating budget when the project has been completed which is usually several years after a capital project is authorized.

There are several categories of capital authorizations for which no estimate of operating cost impact is provided. Among these are the categories of Redevelopment Assistance, Flood Control, Transportation Assistance and flood protection projects undertaken as part of the Public Improvement category. These projects constitute improvements to the property of other entities, primarily local jurisdictions such as cities, boroughs, townships, etc. Any change in operating costs will, therefore, be borne by an entity other than the commonwealth. One other category of capital authorizations which will not provide a statement of operating cost impact is Highway and Bridge projects. This is because the bulk of capital spending in this category is for the rehabilitation of the existing highway network rather than the addition of new mileage. As rehabilitation takes place,

previously high maintenance costs are avoided. These avoided maintenance costs are then shifted to other segments of roadway where repair needs are relatively great. As a result, the total highway operating budget experiences very little net change.

Forecast of Future Projects — This section contains a dollar forecast of new capital projects to be requested during each of the fiscal years 2013-14 through 2016-17. The projections are grouped by department and capital project category.

Estimate of Capital Expenditures — This section provides an estimate of expenditures for capital projects during each of the next five fiscal years. Since design, acquisition and construction of a project are not generally completed during the fiscal year in which the project is initiated, actual expenditures usually occur over several fiscal years. The estimated expenditures determine the amount of bonds which must be issued or the current revenue appropriations required in each fiscal year. The projections are listed by capital project category and agency and are further subdivided by currently authorized projects, new projects proposed for 2012-13 and projects which will be authorized in the future (2013-17).

ESTIMATED CAPITAL EXPENDITURES State Funds

This table presents summary data on the source of funding and use for currently authorized and proposed capital projects. Detailed information on debt issued for capital projects is contained in the Public Debt Section of this budget document.

(Dollar Amounts in Thousands)

	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
GENERAL OBLIGATION BOND FUNDING					
Revenues					
Capital Facilities Bonds:					
Public Improvement Projects - Buildings and Structures.....	\$ 999,000	\$ 825,000	\$ 800,000	\$ 845,000	\$ 660,000
Public Improvement Projects - Furniture and Equipment.....	40,000	50,000	2,000	1,000	0
Redevelopment Assistance Projects.....	345,000	315,000	280,000	225,000	190,000
Flood Control Projects.....	0	20,000	33,000	55,000	55,000
Transportation Assistance Projects.....	210,000	175,000	175,000	175,000	175,000
Less: Costs of Issue.....	-25,125	-20,775	-19,350	-19,515	-10,800
Miscellaneous Revenue.....	33,362	12,381	12,785	12,161	14,032
Change in Available Cash.....	-76,213	40,581	-8,465	13,058	-39,261
Total.....	\$ 1,526,024	\$ 1,417,187	\$ 1,274,970	\$ 1,306,704	\$ 1,043,971
Expenditures					
Capital Facilities Fund:					
Public Improvement Projects - Buildings and Structures.....	\$ 964,778	\$ 848,900	\$ 785,288	\$ 867,435	\$ 652,876
Public Improvement Projects - Furniture and Equipment.....	29,257	49,971	3,923	0	0
Redevelopment Assistance Projects.....	348,657	323,801	283,099	223,097	179,153
Flood Control Projects.....	8,332	19,515	27,660	41,172	36,943
Transportation Assistance Projects.....	175,000	175,000	175,000	175,000	175,000
Total - General Obligation Bonds.....	\$ 1,526,024	\$ 1,417,187	\$ 1,274,970	\$ 1,306,704	\$ 1,043,971
FROM CURRENT REVENUES					
Public Improvement Projects - Fish and Boat Fund.....	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Acquisition, Improvement and Restoration Projects - Keystone Recreation, Park and Conservation Fund.....	18,040	17,961	18,619	16,281	22,535
Acquisition, Rehabilitation and Development Projects Environmental Stewardship Fund.....	7,905	11,761	12,173	12,599	13,040
Highway Projects - Motor License Fund.....	396,414	387,897	380,532	381,252	373,970
Total Current Revenues.....	\$ 423,109	\$ 418,369	\$ 412,074	\$ 410,882	\$ 410,295
TOTAL - ALL FUNDS	\$ 1,949,133	\$ 1,835,555	\$ 1,687,044	\$ 1,717,586	\$ 1,454,265

Totals may not add due to rounding.

FORECAST OF NEW PROJECT AUTHORIZATIONS State Funds

This table provides a summary of the budget recommendations and potential future authorizations by department.

(Dollar Amounts in Thousands)

	2012-13	2013-14	2014-15	2015-16	2016-17	Total
Agriculture.....	\$ 32,000	\$ 33,600	\$ 35,280	\$ 37,044	\$ 38,896	\$ 176,820
Conservation and Natural Resources.....	186,850	85,300	116,000	114,000	100,800	602,950
Corrections.....	53,761	0	0	0	0	53,761
Education.....	302,050	136,100	156,300	155,500	185,500	935,450
Emergency Management Agency.....	0	0	0	0	0	0
Environmental Protection.....	90,250	53,336	31,350	28,112	52,155	255,203
Executive Offices.....	0	0	0	0	0	0
Fish and Boat Commission.....	0	2,000	1,500	1,000	1,000	5,500
Game Commission.....	0	2,000	1,000	1,000	1,000	5,000
General Services.....	5,851	0	0	0	0	5,851
Historical and Museum Commission.....	35,560	38,260	38,600	45,800	63,688	221,908
Labor and Industry.....	5,000	0	0	0	0	5,000
Military and Veterans Affairs.....	96,435	0	0	0	0	96,435
Public Welfare.....	35,800	29,090	26,820	21,880	24,270	137,860
State Police.....	29,000	0	0	0	0	29,000
Transportation.....	338,990	475,000	475,000	475,000	475,000	2,238,990
TOTAL.....	\$ 1,211,547	\$ 854,686	\$ 881,850	\$ 879,336	\$ 942,309	\$ 4,769,728

RECOMMENDED 2012-13 NEW PROJECT AUTHORIZATIONS STATE FUNDS

This table provides a summary of new project authorizations by department and capital program category within bond and current revenue sources.

(Dollar Amounts in Thousands)

	Capital Facilities Bond Funds			
	Public Improvement Projects	Original Furniture & Equipment	Transportation Assistance Projects	Flood Control Projects
Agriculture.....	\$ 32,000	\$ 0	\$ 0	\$ 0
Conservation and Natural Resources.....	143,440	5,500	0	0
Corrections.....	53,761	0	0	0
Education.....	258,950	43,100	0	0
Emergency Management Agency.....	0	0	0	0
Environmental Protection.....	53,710	0	0	36,540
Executive Offices.....	0	0	0	0
Fish and Boat Commission.....	0	0	0	0
Game Commission.....	0	0	0	0
General Services.....	5,851	0	0	0
Historical and Museum Commission.....	31,560	4,000	0	0
Labor and Industry.....	5,000	0	0	0
Military and Veterans Affairs.....	96,435	0	0	0
Public Welfare.....	35,800	0	0	0
State Police.....	29,000	0	0	0
Transportation.....	4,950	0	328,169	0
TOTAL.....	\$ 750,457	\$ 52,600	\$ 328,169	\$ 36,540

	Current Revenues		All Funds
	Highway Projects	Public Improvement Projects	
Agriculture.....	\$ 0	\$ 0	\$ 32,000
Conservation and Natural Resources.....	0	37,910	186,850
Corrections.....	0	0	53,761
Education.....	0	0	302,050
Emergency Management Agency.....	0	0	0
Environmental Protection.....	0	0	90,250
Executive Offices.....	0	0	0
Fish and Boat Commission.....	0	0	0
Game Commission.....	0	0	0
General Services.....	0	0	5,851
Historical and Museum Commission.....	0	0	35,560
Labor and Industry.....	0	0	5,000
Military and Veterans Affairs.....	0	0	96,435
Public Welfare.....	0	0	35,800
State Police.....	0	0	29,000
Transportation.....	5,871	0	338,990
TOTAL.....	\$ 5,871	\$ 37,910	\$ 1,211,547

DEPARTMENT OF AGRICULTURE

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2012-13 PUBLIC IMPROVEMENT PROJECTS				
Protection and Development of Agricultural Industries.....	\$ 32,000	\$ 0	\$ 0	\$ 32,000
TOTAL PROJECTS.....	<u>\$ 32,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 32,000</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 32,000	\$ 0	\$ 0	\$ 32,000
Capital Facilities Fund - Furniture and Equipment.....	0	0	0	0
TOTAL.....	<u>\$ 32,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 32,000</u>

Capital Budget

Department of Agriculture 2012-13 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Protection and Development of Agricultural Industries

Health Diagnostic Laboratory CONSTRUCT NEW PLANT LABORATORY: This project will provide for the construction of a new plant industry lab in Harrisburg to satisfy modern testing procedures.	\$ 10,000	\$ 0	\$ 0	\$ 10,000
Health Diagnostic Laboratory NEW EQUINE TOXICOLOGY LAB AT NEW BOLTON: This project will provide for construction of a new Pennsylvania Equine Toxicology and Research Lab on the New Bolton Campus of the University of Pennsylvania.	7,000	0	0	7,000
Farm Show Complex UPGRADE FACILITIES: This project will provide for the upgrade of the farm show complex including a new entrance to Expo Hall with meeting rooms and covered walkway.	3,000	0	0	3,000
Farm Show Complex PAVE PARKING LOT: This project will provide for the repaving of the parking lot adjacent to the Elmerton Avenue lot.	2,000	0	0	2,000
Farm Show Complex CONSTRUCT NEW PARKING GARAGE: This project will provide for the construction of a new parking garage to accommodate increased patronage during large show events.	10,000	0	0	10,000
PROGRAM TOTAL	<u>\$ 32,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 32,000</u>

DEPARTMENT OF CONSERVATION AND NATURAL RESOURCES

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2012-13 PUBLIC IMPROVEMENT PROJECTS				
Parks and Forest Management.....	\$ 183,550	\$ 0	\$ 3,300	\$ 186,850
TOTAL PROJECTS.....	\$ 183,550	\$ 0	\$ 3,300	\$ 186,850
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 141,240	\$ 0	\$ 2,200	\$ 143,440
Capital Facilities Fund - Furniture and Equipment.....	4,400	0	1,100	5,500
Subtotal General Obligation Bond Issues.....	\$ 145,640	\$ 0	\$ 3,300	\$ 148,940
Current Revenues				
Keystone Recreation, Park and Conservation Fund - Improvements and Rehabilitation.....	\$ 25,155	\$ 0	\$ 0	\$ 25,155
State Forestry Bridge - Parks and Forest Management.....	12,005	0	0	12,005
ATV/Snowmobile Funds- Parks and Forest Management.....	750	0	0	750
Subtotal Current Revenues.....	\$ 37,910	\$ 0	\$ 0	\$ 37,910
TOTAL.....	\$ 183,550	\$ 0	\$ 3,300	\$ 186,850

Department of Conservation and Natural Resources 2012-13 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Parks and Forest Management

Delaware Canal State Park, Northampton and Bucks Counties REPAIR CANAL: This project will provide for the repair and ongoing maintenance of the Delaware Canal.	\$ 10,000	\$ 0	\$ 0	\$ 10,000
Shikellamy State Park, Northumberland County REPLACE DAM BAG: This project will provide for the replacement of the Shikellamy Dam bags that have reached their life expectancy.	4,000	0	0	4,000
Forest District # 12, Lycoming County DEMOLISH BUILDING: This project will provide for the demolition of an old building, build public restrooms and contact station on the Pine Creek Rail Trail.	4,500	0	0	4,500
Hickory Run State Park, Carbon County CONSTRUCT VISITOR/ADMINISTRATION CENTER: This project will provide for the construction of a new visitors' center with administration facilities and comfort station and demolish old center.	7,500	0	0	7,500
Point State Park, Allegheny County REHABILITATE POINT PARK: This project will provide for the connection of the Great Allegheny Passage Trail to Point State Park, the rehabilitation of flag bastion, pedestrian access and parking lots.	9,000	0	0	9,000
Forest District #11, Lackawanna and Monroe Counties CONSTRUCT BRIDGE: This project will provide for the construction of a bridge over the Lehigh River to provide public and administrative access to the Blue Ridge Tract of the Lackawanna State Forest with public parking.	3,500	0	0	3,500

Department of Conservation and Natural Resources 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Laurel Mountain State Park, Westmoreland County	\$ 3,000	\$ 0	\$ 0	\$ 3,000
DEVELOP SKI AREA: This project will provide for the development of phase II of the ski area, adding ski and visitor service including support facilities, lifts and tubing park.				
Denton Hill State Park, Potter County	12,000	0	0	12,000
REHABILITATE PARK: This project will provide for the rehabilitation of park including ski lodge, ski lifts, snow making equipment, roads, parking lots, modern cabins and maintenance facilities for a four season operation.				
Penn Nursery and Woodshop, Centre County	5,500	0	0	5,500
REPLACE MAINTENANCE BUILDING: This project will provide for the replacement of an outdated maintenance shop to meet current code requirements.				
Kinzua Bridge State Park, McKean County	2,400	0	600	3,000
ORIGINAL FURNITURE AND EQUIPMENT: This project will provide for the furniture and equipment for the new office/visitor center for public and staff use.				
Presque Isle State Park, Erie County	3,600	0	0	3,600
REPLACE BEACH HOUSES: This project will provide for the replacement of three beach/shower houses including design, site location, and construction.				
Forest District #10, Clinton County	2,000	0	0	2,000
REPLACE ACID MINE DRAINAGE TREATMENT SYSTEM: This project will provide for the replacement of a failed acid mine treatment system to reduce pollutants in the Kettle Creek watershed.				

Department of Conservation and Natural Resources 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Cherry Springs State Park, Potter County	\$ 8,000	\$ 0	\$ 0	\$ 8,000
CONSTRUCT VISITOR CENTER: This project will provide for the construction of a visitors' and administrative center to accommodate increased park usage.				
Forest District #14, Forest County	2,000	0	0	2,000
RETIRE WELLS: This project will provide for the location, plugging and retiring of abandoned oil and gas wells on state forest land.				
Gifford Pinchot State Park, York County	1,560	0	0	1,560
REPLACE WATER LINES: This project will provide for the replacement of water lines, which are in continual need of repair.				
Codorus State Park, York County	2,400	0	0	2,400
PAVE ROADS: This project will provide for the rehabilitation and paving of roads and parking lots for visitor safety.				
Forest District #13, Elk County	8,000	0	0	8,000
REMEDiate LAND: This project will provide for the remediation and reclamation of an acid mine drainage pollution source on commonwealth's land into the Little Dents Run watershed.				
Maurice K. Goddard State Park, Mercer County	2,400	0	0	2,400
REPLACE MARINA FACILITY: This project will provide for the replacement of existing marina facility with new structure for boat concession operations, public restrooms, and meeting room space.				

Department of Conservation and Natural Resources 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Shawnee State Park, Bedford County	\$ 3,600	\$ 0	\$ 0	\$ 3,600
REPLACE OFFICE: This project will provide for the replacement of regional office to meet modern code requirements and increase efficiencies.				
Prince Gallitzin State Park, Cambria County	960	0	0	960
REPLACE LATRINES: This project will provide for the replacement of two pit restrooms with modern facilities at Wyerough and sailboat mooring areas.				
Cowans Gap State Park, Fulton County	1,200	0	0	1,200
CONSTRUCT ADDITIONS: This project will provide for the construction of a park office addition and maintenance building addition.				
Blue Knob State Park, Bedford County	2,400	0	0	2,400
REPLACE BUILDINGS: This project will provide for the replacement of two office buildings and combine into one modern office building.				
Colonel Denning State Park, Cumberland County	1,800	0	0	1,800
REPLACE SANITARY FACILITIES: This project will provide for the replacement of pit restroom, add sewer lines, replace campground restrooms and shower houses with modern facilities.				
Caledonia State Park, Franklin, Adams Counties	3,000	0	0	3,000
REHABILITATION OF SANITARY FACILITIES: This project will provide for the rehabilitation of campground restrooms and shower houses with modern facilities.				

Department of Conservation and Natural Resources 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Caledonia State Park, Franklin and Adams Counties	\$ 900	\$ 0	\$ 0	\$ 900
REPLACE WATER LINES: This project will provide for the replacement of water lines throughout the park.				
Greenwood Furnace State Park, Huntingdon County	1,800	0	0	1,800
REPLACE BUILDING: This project will provide for the construction of a new maintenance building to meet modern codes.				
Prince Gallitzin State Park, Cambria County	3,240	0	0	3,240
REPLACE WATER LINES: This project will provide for the replacement of water lines throughout the park.				
Prince Gallitzin State Park, Cambria County	2,400	0	0	2,400
REPAVE ROADWAY: This project will provide for the repaving of the main road including drainage to the beach.				
Pymatuning State Park, Crawford County	2,400	0	0	2,400
REHABILITATE CAMPGROUND: This project will provide for the rehabilitation of campground facilities for full service hook-ups including new water well, water storage tanks and sewage collection system.				
Samuel S. Lewis State Park, York County	1,200	0	0	1,200
REPLACE PIT RESTROOMS: This project will provide for the replacement of pit restroom with modern facilities including on site septic system.				
Gifford Pinchot State Park, York County	780	0	0	780
REPAVE ROADWAY: This project will provide for the repaving of the main road including drainage.				

Department of Conservation and Natural Resources 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Whipple Dam State Park, Huntingdon County	\$ 1,800	\$ 0	\$ 0	\$ 1,800
REPLACE BATHHOUSE: This project will provide for the replacement of bathhouse with modern facility and add on-site septic system.				
Hickory Run State Park, Carbon County	3,000	0	0	3,000
CONSTRUCT CABINS: This project will provide for the development and construction of family cabin colony within the park.				
Hickory Run State Park, Carbon County	8,000	0	0	8,000
REHABILITATE OFFICE: This project will provide for the rehabilitation and upgrading of the office to accommodate personnel.				
Black Moshannon State Park, Centre County	2,400	0	600	3,000
CONSTRUCT CABINS: This project will provide for the development of 10 additional family cabins with vehicle access and connection of utilities.				
Kettle Creek State Park, Clinton County	1,600	0	400	2,000
DREDGE LAKE: This project provides for improved quality recreational opportunities in and around Kettle Creek Reservoir.				
Ohiopyle State Park, Fayette County	2,400	0	600	3,000
CONSTRUCT CABINS: This project will provide for the development of family cabin colony with vehicle access and connection of utilities.				

Department of Conservation and Natural Resources 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Presque Isle State Park, Erie County	\$ 5,000	\$ 0	\$ 0	\$ 5,000
REPLENISH BEACH: This project will provide for the replenishment of sand to maintain beach.				
S.B. Elliott State Park, Clearfield County	2,800	0	700	3,500
ORIGINAL FURNITURE & EQUIPMENT: This project will provide for additional funding for the purchase of exhibits, furnishings and equipment for the visitor center and overnight facilities.				
Sinnemahoning State Park, Cameron County	1,600	0	400	2,000
ORIGINAL FURNITURE & EQUIPMENT: This project will provide for the purchase of exhibits, furnishings and equipment for the visitors' center and office.				
PROGRAM TOTAL.....	\$ 145,640	\$ 0	\$ 3,300	\$ 148,940

Department of Conservation and Natural Resources 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS</i>				
Program: Parks and Forest Management				
Bald Eagle State Park, Centre County	\$ 1,000	\$ 0	\$ 0	\$ 1,000
RENOVATE PARK OFFICE: This project will provide for the renovation of the park office to meet accessibility requirements and improve visitor services.				
Caledonia State Park, Franklin County	1,300	0	0	1,300
REHABILITATE CAMPGROUND: This project will provide for the replacement of shower houses and comfort stations in Chinquapin Hill Campground and renovate camp sites.				
Codorus State Park, York County	450	0	0	450
REHABILITATE FACILITIES: This project will provide for the replacement of sailboat areas, restrooms and rehabilitate sewage system.				
Cook Forest State Park, Clarion County	600	0	0	600
REHABILITATE WATER TANKS: This project will provide for the rehabilitation of water storage tanks including cleaning, painting, replacing level controls and maintenance access.				
Cook Forest State Park, Clarion County	250	0	0	250
REPAIR SEWAGE LINES: This project will provide for the repair of sewage line inflow and infiltration.				
Delaware Canal State Park, Bucks County	800	0	0	800
REPLACE BRIDGE: This project will replace Smithtown Bridge #5.				

Department of Conservation and Natural Resources 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Delaware Canal State Park, Bucks County	\$ 1,200	\$ 0	\$ 0	\$ 1,200
REPLACE BRIDGES: This project will replace or rehabilitate Phillips Mills, Smithtown #3 and Lower Limeport Bridges.				
Evansburg State Park, Montgomery County	480	0	0	480
REPLACE SEWER LINES: This project will provide for the replacement of sewer lines throughout the park.				
Gifford Pinchot State Park, York County	1,500	0	0	1,500
REHABILITATE SHOWER HOUSES: This project will rehabilitate five (5) shower houses.				
Hickory Run State Park, Carbon County	2,200	0	0	2,200
REPLACE LATRINES: This project will replace pit latrines with modern comfort stations in two organized group camps.				
Hills Creek State Park, Tioga County	250	0	0	250
REHABILITATE SEWAGE TREATMENT PLANT: This project will provide for the rehabilitation of sewage treatment plant, sewer lines and lift stations.				
Hills Creek State Park, Tioga County	2,500	0	0	2,500
REPLACE WASHHOUSES: This project will provide for the replacement of campground washhouses.				
Little Pine State Park, Lycoming County	400	0	0	400
REHABILITATE SHOOTING RANGE: This project will rehabilitate shooting range to meet with current safety and accessibility standards.				

Department of Conservation and Natural Resources 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Loyalsock State Forest, Sullivan County	\$ 300	\$ 0	\$ 0	\$ 300
REPAIR DAM: This project will provide for the repair of Sones Pond Dam including replacing outlet structure and repairing embankment.				
Nescopeck State Park, Luzerne County	600	0	0	600
CONSTRUCT CULVERT: This project will provide for the construction of a culvert at Riley's Pond.				
Nockamixon State Park, Bucks County	650	0	0	650
REPLACE LATRINES: This project will replace pit latrines with modern comfort stations.				
Nockamixon State Park, Bucks County	400	0	0	400
REPLACE DOCKS: This project will replace boat rental docks.				
Ohiopyle State Park, Fayette County	3,500	0	0	3,500
REPAIR SEWAGE SYSTEM: This project will provide for the repair of the sewage collection system and sewage treatment plant to meet current effluent standards.				
Park Region 1, Cameron County	250	0	0	250
REPLACE HVAC: This project will provide for the renovation or replacement of the HVAC system at the regional office.				
Pymatuning State Park, Crawford County	250	0	0	250
DEMOLISH SEWAGE TREATMENT PLANT: This project will provide for the demolition of the sewage treatment plant at Lineville.				

Department of Conservation and Natural Resources 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM KEYSTONE RECREATION, PARK AND CONSERVATION CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Pymatuning State Park, Crawford County	\$ 2,000	\$ 0	\$ 0	\$ 2,000
REHABILITATE LIVERY: This project will provide for the rehabilitation of the Linesville Livery.				
Ricketts Glen State Park, Luzerne County	400	0	0	400
REPLACE LATRINE: This project will provide for the replacement of pit latrine along RT118 with modern flush facility.				
Ricketts Glen State Park, Luzerne County	800	0	0	800
REPLACE DAM CONTROLS: This project will provide for the replacement of dam controls and outlet works.				
Sinnemahoning State Park, Cameron County	250	0	0	250
REHABILITATE DAM CONTROLS: This project will provide for the rehabilitation of dam gates operators including electrical repairs.				
Sproul State Forest, Clinton County	225	0	0	225
CONSTRUCT LANDING STRIP: This project will provide for the construction of Hyner hang gliding landing strip within the park.				
Yellow Creek State Park, Indiana County	600	0	0	600
REHABILITATE BUILDINGS: This project will provide for the rehabilitation of beach area buildings.				
Worlds End State Park, Sullivan County	2,000	0	0	2,000
RECONSTRUCT ACCESS: This project will reconstruct the cabin area access.				
PROGRAM TOTAL.....	\$ 25,155	\$ 0	\$ 0	\$ 25,155

Department of Conservation and Natural Resources 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS</i>				
Program: Parks and Forest Management				
Bald Eagle State Forest, Union County	\$ 250	\$ 0	\$ 0	\$ 250
REPLACE BRIDGE: This project will replace bridge on Bear Run Road over Bear Run Creek.				
Delaware State Forest, Monroe County	300	0	0	300
REPLACE BRIDGE: This project will replace bridge on Five Mile Meadow Road over unnamed creek and bridge on Five Mile Meadow Road over Little Bushkill Creek.				
Delaware State Forest, Monroe County	280	0	0	280
REPLACE BRIDGE: This project will replace bridge on Bald Hill Road over unnamed creek.				
Elk State Forest, Cameron County	250	0	0	250
REPLACE BRIDGE: This project will replace bridge on Whitehead Road over Whitehead Run.				
Elk State Forest, Cameron County	150	0	0	150
REPLACE BRIDGE: This project will replace bridge on Naval Hollow Road over Naval Hollow Creek.				
Elk State Forest, Cameron County	250	0	0	250
REPLACE BRIDGE: This project will replace bridge on Ford-administration road over East Branch of Hicks Run.				
Elk State Forest, Cameron County	300	0	0	300
REPLACE BRIDGE: This project will replace bridge on Bell Draft Road over McDonald Run.				
Elk State Forest, Cameron County	200	0	0	200
REPLACE BRIDGE: This project will replace bridge on Bell Draft Road over Bell Draft Run.				

Department of Conservation and Natural Resources 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Elk State Forest, Cameron County	\$ 150	\$ 0	\$ 0	\$ 150
REPLACE BRIDGE: This project will replace bridge on Bell Draft Road over Shaffer Draft.				
Forbes State Forest, Westmoreland County	600	0	0	600
REPLACE BRIDGES: This project will replace bridge on South Wolfe Rock Road over tributary to Tub Mill Run and bridge on South Wolfe Rock Road over Tub Mill Run.				
Kittanning State Forest, Clarion County	400	0	0	400
REPLACE BRIDGES: This project will replace bridge on Corbett Road over Little Clear Creek and bridge on Corbett Road over Clear Creek.				
Loyalsock State Forest, Sullivan County	300	0	0	300
REPLACE BRIDGE: This project will replace bridge on Rock Run Road over Loyalsock Creek.				
Moshannon State Forest, Clearfield County	650	0	0	650
REPLACE BRIDGES: This project will replace bridge on Laurel Ridge Road over Laurel Run and bridge on Jack Dent Road over Medix Run.				
Moshannon State Forest, Clearfield County	200	0	0	200
REPLACE BRIDGE: This project will replace bridge on Ames Road over Deer Creek.				
Rothrock State Forest, Huntingdon County	350	0	0	350
REPLACE BRIDGE: This project will replace bridge on Lingle Valley Road over Laurel Creek.				
Rothrock State Forest, Huntingdon County	600	0	0	600
REPLACE BRIDGES: This project will replace bridges on Martin Gap Road 1 & 2 and on Frew Road.				

Department of Conservation and Natural Resources 2012-13 Projects

	(Dollar Amounts in Thousands)			
	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Rothrock State Forest, Huntingdon County	\$ 400	\$ 0	\$ 0	\$ 400
REPLACE BRIDGE: This project will replace bridge on Diamond Valley Road over Globe Run, 5-0023, 24.				
Rothrock State Forest, Huntingdon County	150	0	0	150
REPLACE BRIDGE: This project will replace bridge on Crowfield Road over Standing Stone Creek.				
Rothrock State Forest, Huntingdon County	200	0	0	200
REPLACE BRIDGE: This project will replace bridge on Thickhead Mountain Road over Sinking Creek.				
Rothrock State Forest, Huntingdon County	175	0	0	175
REPLACE BRIDGE: This project will replace bridge on Laurel Run Road over Tributary to Galbraith Gap Run.				
Sproul State Forest, Clinton County	200	0	0	200
REPLACE BRIDGE: This project will replace bridge on Beaver Dam Road over Left Fork of Beaver Dam.				
Sproul State Forest, Clinton County	200	0	0	200
REPLACE BRIDGE: This project will replace bridge on Graham Road over Ferney Road.				
Sproul State Forest, Clinton County	150	0	0	150
REPLACE BRIDGE: This project will replace bridge on Penrose Road over box culvert (near intersection with Coon Run RD).				
Sproul State Forest, Clinton County	175	0	0	175
REPLACE BRIDGE: This project will replace bridge on Birch Island Road over Amos Branch.				
Sproul State Forest, Clinton County	200	0	0	200
REPLACE BRIDGE: This project will replace bridge on Slate Line Road over Beauty Run.				

Department of Conservation and Natural Resources 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Tiadaghton State Forest, Lycoming County	\$ 250	\$ 0	\$ 0	\$ 250
REPLACE BRIDGE: This project will replace bridge on Zinck Fork Road over Upper Pine Bottom, 12-0047.				
Tiadaghton State Forest, Lycoming County	600	0	0	600
REPLACE BRIDGES: This project will replace bridges on Slate Run Road over Manor Fork 12-0041, Daugherty Run 12-9006, and culvert at Fill Trestle 12-9028.				
Tiadaghton State Forest, Lycoming County	250	0	0	250
REPLACE BRIDGE: This project will replace bridge on Cove Road over Fourth Gap.				
Tiadaghton State Forest, Lycoming County	325	0	0	325
REPLACE BRIDGE: This project will replace bridge on English Run Road over English Run.				
Tiadaghton State Forest, Lycoming County	350	0	0	350
REPLACE BRIDGE: This project will replace bridge on Lower Pine Road over Lower Pine Bottom Run.				
Tioga State Forest, Tioga County	300	0	0	300
REPLACE BRIDGE: This project will replace bridge on Cedar Mountain Road over Cedar Mountain Run.				
Tioga State Forest, Tioga County	175	0	0	175
REPLACE BRIDGE: This project will replace bridge on Owasee Road over Chimney Hollow.				
Tioga State Forest, Tioga County	325	0	0	325
REPLACE BRIDGE: This project will replace bridge on Spoor Hollow Road over Norris Brook.				

Capital Budget

Department of Conservation and Natural Resources 2012-13 Projects

	(Dollar Amounts in Thousands)			
	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM STATE FORESTRY BRIDGE CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Parks and Forest Management				
Tioga State Forest, Tioga County	\$ 325	\$ 0	\$ 0	\$ 325
REPLACE BRIDGE: This project will replace bridge on Landrus Road over South Creek.				
Tuscarora State Forest, Perry County	150	0	0	150
REPLACE BRIDGE: This project will replace bridge on Couch Road.				
Tuscarora State Forest, Perry County	200	0	0	200
REPLACE BRIDGE: This project will replace bridge on Gunter Valley.				
Tuscarora State Forest, Perry County	175	0	0	175
REPLACE BRIDGE: This project will replace bridge on access road for Colonel Denning over Doubling Gap Creek.				
Weiser State Forest, Schuylkill County	200	0	0	200
REPLACE BRIDGE: This project will replace bridge on Jefferson Tract and road.				
Weiser State Forest, Schuylkill County	200	0	0	200
REPLACE BRIDGE: This project will replace bridge on Weaver Road (2nd Mountain) over ford crossing.				
Weiser State Forest, Schuylkill County	400	0	0	400
REPLACE BRIDGES: This project will replace bridges on White Oak over Wolf Run and White Oak over Mud Run.				
Weiser State Forest, Schuylkill County	700	0	0	700
REPLACE BRIDGES: This project will replace bridges on Roaring Creek Tract.				
 PROGRAM TOTAL.....	 <u>\$ 12,005</u>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 12,005</u>

Department of Conservation and Natural Resources 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM ATV/SNOWMOBILE FUNDS				
CURRENT REVENUES				
<i>PUBLIC IMPROVEMENT PROJECTS</i>				
Program: Parks and Forest Management				
Delaware State Forest, Monroe County	\$ 250	\$ 0	\$ 0	\$ 250
CONSTRUCT ATV TRAIL: This project provides for the construction or rehabilitation of an ATV Trail in the Dixon Miller Recreation Area.				
French Creek State Park, Berks County	500	0	0	500
CONSTRUCT TRAIL: This project provides for the construction of the Schuylkill River trail connection.				
PROGRAM TOTAL.....	<u>\$ 750</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 750</u>

DEPARTMENT OF CORRECTIONS

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2012-13 PUBLIC IMPROVEMENT PROJECTS				
Institutionalization of Offenders.....	\$ 43,008	\$ 0	\$ 10,753	\$ 53,761
TOTAL PROJECTS.....	<u>\$ 43,008</u>	<u>\$ 0</u>	<u>\$ 10,753</u>	<u>\$ 53,761</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 43,008	\$ 0	\$ 10,753	\$ 53,761
Capital Facilities Fund - Furniture and Equipment.....	0	0	0	0
Subtotal General Obligation Bond Issues.....	<u>43,008</u>	<u>0</u>	<u>10,753</u>	<u>53,761</u>
TOTAL.....	<u>\$ 43,008</u>	<u>\$ 0</u>	<u>\$ 10,753</u>	<u>\$ 53,761</u>

Department of Corrections 2012-13 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Institutionalization of Offenders

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
State Correctional Institution at Cambridge Springs REPLACE PERIMETER SECURITY SYSTEM: This project will replace 5,260 feet of the current perimeter system, which is obsolete and no longer supported by the manufacturer.	\$ 960	\$ 0	\$ 240	\$ 1,200
State Correctional Institution at Forest REPLACE PERIMETER SECURITY SYSTEM: This project will replace 5,300 feet of the current perimeter system, which is obsolete and no longer supported by the manufacturer.	1,144	0	286	1,430
State Correctional Institution at Graterford REPLACE PERIMETER SECURITY SYSTEM: This project will replace 5,300 feet of the current perimeter system, which is obsolete and no longer supported by the manufacturer.	960	0	240	1,200
State Correctional Institution at Greensburg REPLACE PERIMETER SECURITY SYSTEM: This project will replace 4,224 feet of the current perimeter system, which is obsolete and no longer supported by the manufacturer.	600	0	150	750
State Correctional Institution at Muncy REPLACE PERIMETER SECURITY SYSTEM: This project will replace 6,340 feet of the current perimeter system, which is obsolete and no longer supported by the manufacturer.	1,144	0	286	1,430
State Correctional Institution at Pine Grove REPLACE PERIMETER SECURITY SYSTEM: This project will replace 5,310 feet of the current perimeter system, which is obsolete and no longer supported by the manufacturer.	1,600	0	400	2,000
State Correctional Institution at Pittsburgh REPLACE PERIMETER SECURITY SYSTEM: This project will replace 5,520 feet of the current perimeter system, which is obsolete and no longer supported by the manufacturer.	960	0	240	1,200

Department of Corrections 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Institutionalization of Offenders				
State Correctional Institution at Forest REFURBISH LAUNDRY FACILITIES: This project will build the building interior to accommodate the laundry facility.	\$ 9,520	\$ 0	\$ 2,380	\$ 11,900
State Correctional Institution at Rockview RENOVATE DAM ADDITIONAL FUNDING: This project will provide for additional funding for project 571-30 dam renovations.	2,814	0	704	3,518
State Correctional Institution at Muncy REPLACE SEWER LINES: This project will replace the existing sewer lines, which are obsolete and causing ground water infiltration.	1,500	0	375	1,875
State Correctional Institution at Mahanoy REPAIR FACE BLOCK ON BUILDINGS: This project will provide for the repair to deteriorated face block on inmate housing units and the repair of infrastructure.	5,360	0	1,340	6,700
State Correctional Institution at Muncy CONSTRUCT NEW BUILDING: This project will provide for the construction of a new admissions building and demolish current building.	500	0	125	625
State Correctional Institution at Coal REPLACE ROOFS: This project will provide for the replacement of rubber roofing on all inmate housing units.	2,800	0	700	3,500
State Correctional Institution at Mahanoy REPLACE ROOFS: This project will provide for the replacement of rubber roofing and metal roofing on all inmate housing units.	3,040	0	760	3,800

Department of Corrections 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Institutionalization of Offenders				
State Correctional Institution at Mercer	\$ 600	\$ 0	\$ 150	\$ 750
REPLACE ROOFS: This project will provide for the replacement of rubber roofing on all inmate housing units.				
State Correctional Institution at Rockview	500	0	125	625
RENOVATE ASH HANDLING SYSTEM: This project will provide for the renovation of boiler plant ash handling system to meet current regulations.				
State Correctional Institution at Pittsburgh	452	0	113	565
REPLACE STEAM AND CONDENSATION LINES: This project will provide for the replacement of leaking steam and condensate piping from the power plant to A & B housing units.				
State Correctional Institution at Somerset	728	0	182	910
REPLACE ROOF: This project will provide for the replacement of roof on Correctional Industries Laundry Building.				
State Correctional Institution at Forest	560	0	140	700
UPGRADE INTERCOM: This project will provide for the upgrading or replacement of institution's intercom system.				
State Correctional Institution at Mahanoy	340	0	85	425
REPLACE ALARM SYSTEM: This project will provide for the replacement of the personal alarm system throughout the institution.				
State Correctional Institution at Somerset	500	0	125	625
REPLACE ACCESS SYSTEM: This project will provide for the replacement of the proximity card access system throughout the institution for door control.				
State Correctional Institution at Somerset	620	0	155	775
REPLACE HVAC UNITS: This project will provide for the rooftop heating and cooling units on inmate housing.				

Capital Budget

Department of Corrections 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Institutionalization of Offenders				
State Correctional Institution at Rockview	\$ 1,600	\$ 0	\$ 400	\$ 2,000
RENOVATE EXTERIOR: This project will provide for the renovation of exterior of main dining hall and auditorium building to include refacing and repairing of concrete and sealing the building.				
State Correctional Institution at Waymart	2,640	0	660	3,300
RENOVATE DINING ROOM: This project will provide for the renovation and expansion of existing dining room to satisfy current needs				
State Correctional Institution at Rockview	800	0	200	1,000
RENOVATE EXTERIOR: This project will provide for the renovation of exterior of the deputy warden's building to include refacing and repairing of concrete and sealing the building.				
State Correctional Institution at Mercer	366	0	92	458
REPAVE ROAD: This project will provide for the repaving of existing perimeter road and install new perimeter road along new perimeter fence path.				
State Correctional Institution at Mahanoy	400	0	100	500
REPLACE WALLS: This project will provide for the replacement of block walls surrounding level 5 housing unit exercise yard pens, which has deteriorated from normal settling of structures.				
 PROGRAM TOTAL.....	 <u>\$ 43,008</u>	 <u>\$ 0</u>	 <u>\$ 10,753</u>	 <u>\$ 53,761</u>

DEPARTMENT OF EDUCATION

Summary of Recommended Authorization Amounts by Program and Source of Funds

	(Dollar Amounts in Thousands)			
	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2012-13 PUBLIC IMPROVEMENT PROJECTS				
Educational Support Services.....	\$ 1,000	\$ 0	\$ 0	\$ 1,000
Higher Education - State-Related Universities.....	\$ 66,960	\$ 0	\$ 8,790	\$ 75,750
Higher Education - State System of Higher Education.....	188,000	0	37,300	225,300
	<u>255,960</u>	<u>0</u>	<u>46,090</u>	<u>302,050</u>
TOTAL PROJECTS.....	<u>\$ 255,960</u>	<u>\$ 0</u>	<u>\$ 46,090</u>	<u>\$ 302,050</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 213,660	\$ 0	\$ 45,290	\$ 258,950
Capital Facilities Fund - Furniture and Equipment.....	42,300	0	800	43,100
	<u>255,960</u>	<u>0</u>	<u>46,090</u>	<u>302,050</u>
Subtotal General Obligation Bond Issues.....	<u>\$ 255,960</u>	<u>\$ 0</u>	<u>\$ 46,090</u>	<u>\$ 302,050</u>
TOTAL.....	<u>\$ 255,960</u>	<u>\$ 0</u>	<u>\$ 46,090</u>	<u>\$ 302,050</u>

Department of Education 2012-13 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location and cost components. Operating cost impacts are not provided for these projects since these costs are borne by the operating budget of each university.

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Educational Support Services

Department of Education Headquarters

\$ 1,000	\$ 0	\$ 0	\$ 1,000
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RENOVATE HEADQUARTER FACILITY: This project will provide for the renovation of two floors of the Department of Education headquarters building at 333 Market Street, Harrisburg. When completed, this project will not increase operating costs.

PROGRAM TOTAL.....

<u>\$ 1,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,000</u>
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Higher Education - State-Related Universities

Lincoln University

\$ 20,000	\$ 0	\$ 5,000	\$ 25,000
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CONSTRUCT BLACK CULTURE CENTER: This project will provide for the new construction and renovations of three existing facilities to create the Center for the Study of Black Culture at Lincoln University. When completed, this project will not increase operating costs since the University is responsible for maintenance.

Pennsylvania State University

28,000	0	0	28,000
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CAPITAL RENEWAL PHASE IV: This project will provide for the continuation of capital to renovate campuses located in the university's eastern region. When completed, this project will not increase operating costs since the University is responsible for maintenance.

University of Pittsburgh

8,000	0	2,000	10,000
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RENOVATE FITZGERALD FIELDHOUSE: This project will provide for the renovation of the Fitzgerald Fieldhouse to meet modern codes including ADA and expand the building to meet demands. When completed, this project will not increase operating costs since the University is responsible for

Capital Budget

Department of Education 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS (continued)				
Program: Higher Education - State-Related Universities				
Thaddeus Stevens College of Technology	\$ 5,060	\$ 0	\$ 690	\$ 5,750
EXPAND DINING HALL: This project will provide for the expansion of the dining hall, which currently seats 150 people, by adding a second story which will connect into the Hartzell Instructional Center. When completed, this project will not increase operating costs since the College is responsible for				
Temple University	2,400	0	300	2,700
RENOVATE GLADFELTER HALL: This project will provide for the construction of an addition and renovation on Gladfelter Hall to house a Center for Scholars. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Lincoln University	3,200	0	800	4,000
ORIGINAL FURNITURE AND EQUIPMENT, BLACK CULTURE CENTER: This project will provide the necessary furniture and equipment associated with the renovation of Center for the Study of Black Culture. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Temple University	300	0	0	300
ORIGINAL FURNITURE AND EQUIPMENT, CENTER FOR SCHOLARS: This project will provide the necessary furniture and equipment associated with the design and construction of the Center for Scholars. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
PROGRAM TOTAL.....	<u>\$ 66,960</u>	<u>\$ 0</u>	<u>\$ 8,790</u>	<u>\$ 75,750</u>

Department of Education 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Higher Education - State System of Higher Education				
Cheyney University	\$ 7,200	\$ 0	\$ 1,800	\$ 9,000
RENOVATE COPPIN HALL: This project will provide for the complete renovation to the Coppin Hall Building. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Lock Haven University	12,800	0	3,200	16,000
UPGRADE ELECTRICAL UTILITIES: This project will provide for the renovation and upgrade of campus electrical infrastructure to meet modern demands and efficiencies. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Lock Haven University	18,400	0	4,600	23,000
RENOVATE SOUTH ULMER HALL: This project will provide for additional funding for the renovation of South Ulmer Hall including infrastructure converting from a science to general classroom. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Shippensburg University	20,000	0	5,000	25,000
RENOVATE FRANKLIN SCIENCE CENTER: This project will provide for additional funding for the renovation of the Franklin Science Center. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Bloomsburg University	15,200	0	3,800	19,000
CONSTRUCT FACILITIES COMPLEX: This project will provide for the construction of a facilities complex to centralize facilities management functions into a single complex of buildings. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Indiana University of Pennsylvania	11,600	0	2,900	14,500
RENOVATE STAPLETON/STABLEY LIBRARY: This project will provide additional funding for the renovation of the Stapleton/Stabley Library including space reconfiguration. When completed, this project will not increase operating costs since the University is responsible for maintenance.				

Department of Education 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Higher Education - State System of Higher Education (continued)				
West Chester University	\$ 10,400	\$ 0	\$ 2,600	\$ 13,000
RENOVATE STURZEBECKER HEALTH SCIENCE CENTER: This project will provide additional funding for the renovation of the Sturzebecker Health Science Center including a new addition. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Shippensburg University	8,800	0	2,200	11,000
REPLACE HENDERSON HALL: This project will provide additional funding for the replacement of Henderson Hall. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Lock Haven University	12,000	0	3,000	15,000
RENOVATE RUSSELL HALL: This project will provide for the renovation of the Russell Hall including infrastructure. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Kutztown University	7,200	0	1,800	9,000
RENOVATE BEECKY EDUCATION BUILDING: This project will provide for additional funding for the renovation of the Beecky Education Building including infrastructure. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Millersville University	5,600	0	1,400	7,000
RENOVATE PUCILLO HALL: This project will provide for the complete renovation of Pucillo Hall including infrastructure. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Millersville University	12,000	0	3,000	15,000
RENOVATE BROOKS HALL: This project will provide for the complete renovation of Brooks Hall into a health and wellness center. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Mansfield University	8,000	0	2,000	10,000
RENOVATE BELKNAP AND RETAN HALLS: This project will provide the renovation of Belknap and Retan Halls to provide better functionality and space usage. When completed, this project will not increase operating costs since the University is responsible for maintenance.				

Department of Education 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Higher Education - State System of Higher Education (continued)				
Cheyney University	\$ 5,000	\$ 0	\$ 0	\$ 5,000
ORIGINAL FURNITURE AND EQUIPMENT, COPE HALL: This project will provide the necessary furniture and equipment associated with the renovation of Cope Hall. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Kutztown University	3,000	0	0	3,000
ORIGINAL FURNITURE AND EQUIPMENT, LYTLE HALL: This project will provide the necessary furniture and equipment associated with the renovation of Lytle Hall. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
California University of Pennsylvania	2,000	0	0	2,000
ORIGINAL FURNITURE AND EQUIPMENT, COOVER HALL: This project will provide the necessary furniture and equipment associated with the renovation of Coover Hall. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
East Stroudsburg University	8,000	0	0	8,000
ORIGINAL FURNITURE AND EQUIPMENT, INFORMATION COMMONS: This project will provide the necessary furniture and equipment associated with the construction of the Information Commons. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Mansfield University	2,000	0	0	2,000
ORIGINAL FURNITURE AND EQUIPMENT, STUDENT HOUSING: This project will provide the necessary furniture and equipment associated with the construction of new student housing. When completed, this project will not increase operating costs since the University is responsible for maintenance.				

Department of Education 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Higher Education - State System of Higher Education (continued)				
Bloomsburg University	\$ 2,500	\$ 0	\$ 0	\$ 2,500
ORIGINAL FURNITURE AND EQUIPMENT, MCCORMICK CENTER: This project will provide the necessary furniture and equipment associated with the renovation of McCormick Center. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Indiana University of Pennsylvania	5,000	0	0	5,000
ORIGINAL FURNITURE AND EQUIPMENT, STAPLETON/STABLEY LIBRARY: This project will provide the necessary furniture and equipment associated with the renovation of Stapleton/Stabley Library. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
California University of Pennsylvania	3,500	0	0	3,500
ORIGINAL FURNITURE AND EQUIPMENT, SOUTH HALL & OLD MAIN: This project will provide the necessary furniture and equipment associated with the renovation of South Hall and Old Main. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Slippery Rock University	2,800	0	0	2,800
ORIGINAL FURNITURE AND EQUIPMENT, STUDENT SUCCESS CENTER: This project will provide the necessary furniture and equipment associated with the renovation of Student Success Center. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Kutztown University	1,000	0	0	1,000
ORIGINAL FURNITURE AND EQUIPMENT, POPLAR HOUSE: This project will provide the necessary furniture and equipment associated with the renovation of Poplar House. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
Clarion University	4,000	0	0	4,000
ORIGINAL FURNITURE AND EQUIPMENT, MARWICK-BOYD FINE ARTS CENTER: This project will provide the necessary furniture and equipment associated with the renovation of the Marwick-Boyd Fine Arts Center. When completed, this project will not increase operating costs since the University is responsible for maintenance.				
PROGRAM TOTAL.....	<u>\$ 188,000</u>	<u>\$ 0</u>	<u>\$ 37,300</u>	<u>\$ 225,300</u>

DEPARTMENT OF ENVIRONMENTAL PROTECTION

Summary of Recommended Authorization Amounts by Program and Source of Funds

	(Dollar Amounts in Thousands)			
	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2012-13 PUBLIC IMPROVEMENT PROJECTS				
Environmental Protection and Management.....	\$ 48,339	\$ 0	\$ 5,371	\$ 53,710
FLOOD CONTROL PROJECTS				
Environmental Protection and Management.....	32,886	0	3,654	36,540
TOTAL PROJECTS.....	<u>\$ 81,225</u>	<u>\$ 0</u>	<u>\$ 9,025</u>	<u>\$ 90,250</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 48,339	\$ 0	\$ 5,371	\$ 53,710
Capital Facilities Fund - Flood Control.....	32,886	0	3,654	36,540
TOTAL.....	<u>\$ 81,225</u>	<u>\$ 0</u>	<u>\$ 9,025</u>	<u>\$ 90,250</u>

Department of Environmental Protection 2012-13 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

Base Project Cost	Land Cost	Design & Contingencies	Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Environmental Protection and Management

	Base Project Cost	Land Cost	Design & Contingencies	Project Cost
Borough of Plymouth, Luzerne County	\$ 1,620	\$ 0	\$ 180	\$ 1,800
REPLACE DEBRIS DAM EMBANKMENT: This project will provide for the repair or replacement of the debris dam embankment and its inlet works on the Brown Creek and will replace damaged storm drains within the borough.				
Township of Pittston, Luzerne County	1,215	0	135	1,350
ADDITIONAL FUNDING FOR DGS 183-3: This project will provide additional funding for DGS project 183-3 stream bank stabilization on Spring Brook and mitigation and to include maintenance access ramps.				
Townships of Adams and Croyle, Cambria County	1,620	0	180	1,800
ADDITIONAL FUNDING FOR DGS 183-19: This project will provide additional funding for the south fork of the little Conemaugh River including earthen levee repair and concrete channel rehabilitation.				
Borough of Northern Cambria, Cambria County	1,215	0	135	1,350
REHABILITATE LEVEE: This project will provide for the rehabilitation of existing flood protection to include replacing drainage structures pedestrian ramp and mitigation.				
Borough of Irvona, Clearfield County	1,620	0	180	1,800
REHABILITATE LEVEE: This project will provide for the rehabilitation of existing flood protection to include replacing drainage structures, eliminating two closure structures, and mitigation.				
Townships of Abington & Upper Dublin, Montgomery County	324	0	36	360
ADDITIONAL FUNDING FOR DGS 181-17: This project will provide for additional funding for the Sandy Run flood protection including channel realignment and improvements including mitigation.				

Department of Environmental Protection 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Environmental Protection and Management				
Township of Cheltenham, Montgomery County	\$ 1,620	\$ 0	\$ 180	\$ 1,800
ADDITIONAL FUNDING FOR DGS 181-8: This project will provide for additional funding for the Tacony Creek flood protection including raising concrete channel wall, raising earthen levee and constructing concrete channel with culvert.				
Borough of Marietta, Lancaster County	18,630	0	2,070	20,700
ADDITIONAL FUNDING FOR DGS 182-21: This project will provide additional funding for DGS project 182-21 including embankment earthen levee concrete wall closure and gates.				
Dauphin County	20,475	0	2,275	22,750
CONSTRUCT OFFICE BUILDING: This project will provide for the acquisition and rehabilitation or construction of a south central regional office.				
PROGRAM TOTAL.....	<u>\$ 48,339</u>	<u>\$ 0</u>	<u>\$ 5,371</u>	<u>\$ 53,710</u>

Department of Environmental Protection 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
FLOOD CONTROL PROJECTS				
Program: Environmental Protection and Management				
Township of Shaler, Allegheny County	\$ 810	\$ 0	\$ 90	\$ 900
REHABILITATION OF PINE CREEK: This project will provide funding for DGS project 180-30 for the flood protection and rehabilitation of Pine Creek flood control project.				
Borough of South Greensburg, Westmoreland County	3,240	0	360	3,600
REHABILITATE LEVEE SYSTEM: This project will provide funds for the rehabilitation of existing flood protection along Jacks Run including levee rehabilitation, slope stabilization, flood wall repairs, concrete channel construction and replace three drainage structures.				
Boroughs of Windber and Paint, Somerset County	4,455	0	495	4,950
REHABILITATE LEVEES: This project will provide for the rehabilitation of 25 levee drainage structures along Paint Creek including mitigation.				
City of Johnstown, Cambria County	1,215	0	135	1,350
REHABILITATION AND MITIGATION: This project will provide for the funding for DGS project 184-34 St. Clair Run Channel along St. Clair Run including rehabilitation and mitigation.				
Township of Stonycreek, Borough of Dale, Cambria County	810	0	90	900
REHABILITATION AND MITIGATION: This project will provide for the funding for DGS project 184-4 Solomon's Run including rehabilitation and mitigation.				
City of Johnstown, Cambria County	486	0	54	540
REHABILITATION AND MITIGATION: This project will provide for the funding for DGS project 184-15 Elk Run Flood Protection including rehabilitation and mitigation.				
Borough of Confluence, Somerset and Fayette Counties	3,645	0	405	4,050
REHABILITATE LEVEES: This project will provide for the rehabilitation of 18 levee drainage structures along Youghiogheny and Casselman Rivers including mitigation.				

Department of Environmental Protection 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>FLOOD CONTROL PROJECTS (continued)</i>				
Program: Environmental Protection and Management				
Borough of Rockwood, Somerset County	\$ 3,240	\$ 0	\$ 360	\$ 3,600
REHABILITATE LEVEES: This project will provide for the rehabilitation of 16 levee drainage structures along Coxes Creek including mitigation.				
City of Warren, Warren County	1,620	0	180	1,800
REHABILITATE LEVEES: This project will provide for the rehabilitation of 9 levee drainage structures along Glade Run including mitigation.				
Borough of Coudersport, Potter County	486	0	54	540
REHABILITATE LEVEES: This project will provide for the rehabilitation of 3 levee drainage structures along Allegheny River and Mill Creek including mitigation.				
Borough of Patton, Chest & Elder Townships, Cambria County	1,215	0	135	1,350
REHABILITATE LEVEES: This project will provide for the rehabilitation of 5 levee drainage structures along Chest Creek and Flannigan Run including mitigation.				
Borough of Mayfield, Lackawanna County	2,430	0	270	2,700
REHABILITATE LEVEES: This project will provide for the rehabilitation of 7 levee drainage structures along the Lackawanna River including mitigation.				
Borough of Moosic, Lackawanna County	2,430	0	270	2,700
REHABILITATION AND MITIGATION: This project will provide for the funding for DGS project 181-3, Moosic Flood Protection Project including rehabilitation and mitigation along Spring Creek.				
Townships of McAdoo, Kline and Banks, Schuylkill County	486	0	54	540
REHABILITATION AND MITIGATION: This project will provide for the funding for McAdoo Flood Protection Project including rehabilitation and mitigation along Celebration Creek.				

Department of Environmental Protection 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
FLOOD CONTROL PROJECTS (continued)				
Program: Environmental Protection and Management				
Borough of Plymouth, Luzerne County	\$ 486	\$ 0	\$ 54	\$ 540
REHABILITATION AND MITIGATION: This project will provide for the funding for DGS project 182-3 Plymouth Flood Protection Project including rehabilitation and mitigation along Wadham Creek.				
Township of Conyngham, Luzerne County	486	0	54	540
REHABILITATION AND MITIGATION: This project will provide for the funding for Mocanaqua Flood Protection Project including rehabilitation and mitigation along Turtle Creek.				
Boroughs of Blakely and Dickson City, Lackawanna County	810	0	90	900
REHABILITATION AND MITIGATION: This project will provide for the funding for Blakely Flood Protection Project including rehabilitation and mitigation along Hull Creek.				
City of Scranton, Lackawanna County	4,050	0	450	4,500
REHABILITATION AND MITIGATION: This project will provide for the funding for Scranton Flood Control Project including rehabilitation and mitigation along Roaring Brook.				
White Mills Village, Township of Texas, Wayne County	486	0	54	540
REHABILITATION AND MITIGATION: This project will provide for the funding for White Mills Channel Improvement Project including rehabilitation and mitigation along Lollipop Creek.				
PROGRAM TOTAL.....	\$ 32,886	\$ 0	\$ 3,654	\$ 36,540

DEPARTMENT OF GENERAL SERVICES

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2012-13 PUBLIC IMPROVEMENT PROJECTS				
Facility, Property and Commodity Management.....	\$ 4,731	\$ 0	\$ 1,120	\$ 5,851
TOTAL PROJECTS.....	<u>\$ 4,731</u>	<u>\$ 0</u>	<u>\$ 1,120</u>	<u>\$ 5,851</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 4,731	\$ 0	\$ 1,120	\$ 5,851
TOTAL.....	<u>\$ 4,731</u>	<u>\$ 0</u>	<u>\$ 1,120</u>	<u>\$ 5,851</u>

Department of General Services 2012-13 Projects

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

(Dollar Amounts in Thousands)

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Facility, Property and Commodity Management

East Wing Building, Dauphin County	\$ 381	\$ 0	\$ 0	\$ 381
REPLACE DIFFUSER: This project will provide for the replacement of moduline diffuser, which is in need of constant repair in the East Wing Building.				
Finance Building, Dauphin County	700	0	210	910
RENOVATE ELEVATORS: This project will provide for the complete renovation of elevators including motors and remodeling.				
Forum Building, Dauphin County	700	0	210	910
RENOVATE ELEVATORS: This project will provide for the complete renovation of elevators including motors and remodeling.				
Reading State Office Building, Berks County	150	0	100	250
RENOVATE ELEVATORS: This project will provide for the complete renovation of two elevators including motors and remodeling.				
Keystone Building, Dauphin County	1,500	0	500	2,000
REPLACE PAVERS: This project will provide for the repair or replacement of pavers within the Keystone Building Plaza.				
Arsenal Building, Dauphin County	600	0	100	700
REPLACE ROOF: This project will provide for the complete roof replacement of the Arsenal Building including flashing and roof drains.				
North Office Building, Dauphin County	400	0	0	400
CONSTRUCT ADA ENTRANCE: This project will provide for the construction of an ADA entrance in the North Office Building to provide another handicap entrance into the Capitol Complex.				

Capital Budget

Department of General Services 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies		Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Facility, Property and Commodity Management

DGS Annex Complex, Dauphin County

REPAVE ROAD: This project will provide for the repaving or rebuilding of various Annex cartways to handle current vehicle and truck traffic.

	\$ 300	\$ 0	\$ 0		\$ 300
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PROGRAM TOTAL.....

	\$ 4,731	\$ 0	\$ 1,120		\$ 5,851
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HISTORICAL AND MUSEUM COMMISSION

Summary of Recommended Authorization Amounts by Program and Source of Funds

	(Dollar Amounts in Thousands)			
	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2012-13 PUBLIC IMPROVEMENT PROJECTS				
State Historic Preservation.....	\$ 30,300	\$ 0	\$ 5,260	\$ 35,560
TOTAL PROJECTS.....	<u>\$ 30,300</u>	<u>\$ 0</u>	<u>\$ 5,260</u>	<u>\$ 35,560</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 26,300	\$ 0	\$ 5,260	\$ 31,560
Capital Facilities Fund - Furniture and Equipment.....	<u>4,000</u>	<u>0</u>	<u>0</u>	<u>4,000</u>
TOTAL.....	<u>\$ 30,300</u>	<u>\$ 0</u>	<u>\$ 5,260</u>	<u>\$ 35,560</u>

Historical and Museum Commission 2012-13 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: State Historic Preservation

Pennsylvania Anthracite Heritage Museum, Lackawanna County	\$ 800	\$ 0	\$ 160	\$ 960
INSTALL FIRE PROTECTION SYSTEM: This project involves bringing sufficient water to the building and installing new sprinklers; also install a gas/chemical suppression system in the collection area. When completed, this project will not increase operating costs.				
Eckley Miners' Village, Luzerne County	3,000	0	600	3,600
INSTALL FIRE PROTECTION SYSTEM: This project will include constructing water main to provide sufficient fire suppression to the buildings. When completed, this project will not increase operating costs.				
Railroad Museum of Pennsylvania, Lancaster County	1,000	0	200	1,200
INSTALL FIRE PROTECTION SYSTEM: This project will include constructing water main to provide sufficient fire suppression to the buildings. When completed, this project will not increase operating costs.				
Pennsbury Manor, Bucks County	2,000	0	400	2,400
INSTALL FIRE PROTECTION SYSTEM: This project will include constructing water main to provide sufficient fire suppression to the buildings. When completed, this project will not increase operating costs.				
Washington Crossing Historic Park, Bucks County	2,000	0	400	2,400
INSTALL FIRE PROTECTION SYSTEM: This project will include constructing water main to provide sufficient fire suppression to the buildings. When completed, this project will not increase operating costs.				
Landis Valley Village and Farm Museum, Lancaster County	3,000	0	600	3,600
INSTALL FIRE PROTECTION SYSTEM: This project will include constructing water main to provide sufficient fire suppression to the buildings. When completed, this project will not increase operating costs.				

Historical and Museum Commission 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: State Historic Preservation				
Landis Valley Village and Farm Museum, Lancaster County	\$ 3,000	\$ 0	\$ 600	\$ 3,600
SITE IMPROVEMENTS: This project will provide for site improvements including preservation and restoration both interior and exterior on buildings.				
Landis Valley Village and Farm Museum, Lancaster County	4,000	0	0	4,000
EXHIBITS FOR NEW VISITOR CENTER: This project will provide for the design fabrication and installation of new permanent exhibits for a new visitor center.				
Washington Crossing Historic Park, Bucks County	5,000	0	1,000	6,000
RENOVATE TOWER: This project will provide for the restoration and improvements to Bowman's Hill Tower and ancillary facilities, including structural reinforcement, masonry restoration, improvements to drainage, replacement of elevator, electrical, phone, data and fire and security lines throughout the tower complex and other infrastructure as needed.				
Old Economy Village, Beaver County	2,500	0	500	3,000
RESTORE BUILDINGS AND SITE IMPROVEMENTS: This project will provide for the rehabilitation of exterior including structural of up to 18 buildings and will also provide for infrastructure rehabilitation as well as landscaping, archeological investigations, pathways, and site grading.				
Eckley Miners' Village, Luzerne County	4,000	0	800	4,800
RESTORATION OF SITE: This project will provide for phase IV of preservation and restoration work of miners' houses, including structural, interior restoration including infrastructure and restoration of out buildings.				
 PROGRAM TOTAL.....	<u>\$ 30,300</u>	<u>\$ 0</u>	<u>\$ 5,260</u>	<u>\$ 35,560</u>

DEPARTMENT OF LABOR AND INDUSTRY

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2012-13 PUBLIC IMPROVEMENT PROJECTS				
Public Protection and Law Enforcement.....	\$ 4,500	\$ 0	\$ 500	\$ 5,000
TOTAL PROJECTS.....	<u>\$ 4,500</u>	<u>\$ 0</u>	<u>\$ 500</u>	<u>\$ 5,000</u>

SOURCE OF FUNDS

General Obligation Bond Issues

Capital Facilities Fund - Buildings and Structures.....	\$ 4,500	\$ 0	\$ 500	\$ 5,000
TOTAL.....	<u>\$ 4,500</u>	<u>\$ 0</u>	<u>\$ 500</u>	<u>\$ 5,000</u>

Department of Labor and Industry 2012-13 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Facility, Property and Commodity Management

Labor & Industry Building, Harrisburg, Dauphin County

\$ 4,500	\$ 0	\$ 500	\$ 5,000
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REPLACE TRANSFORMER:

This project will provide for the replacement of two high voltage transformers including infrastructure.

PROGRAM TOTAL.....

<u>\$ 4,500</u>	<u>\$ 0</u>	<u>\$ 500</u>	<u>\$ 5,000</u>
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DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2012-13 PUBLIC IMPROVEMENT PROJECTS				
State Military Readiness.....	\$ 120,374	\$ 1,600	\$ 17,916	\$ 139,890
Veterans Homes and School.....	30,476	0	7,619	38,095
TOTAL PROJECTS.....	\$ 150,850	\$ 1,600	\$ 25,535	\$ 177,985
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 78,526	\$ 1,600	\$ 16,309	\$ 96,435
Capital Facilities Fund - Furniture and Equipment.....	0	0	0	\$ 0
Current Revenues				
Federal Funds.....	\$ 72,324	\$ 0	\$ 9,226	\$ 81,550
Other.....	0	0	0	0
TOTAL.....	\$ 150,850	\$ 1,600	\$ 25,535	\$ 177,985

Department of Military and Veterans Affairs 2012-13 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: State Military Readiness

Tobyhanna Reserve Center, Monroe County

CONSTRUCT RESERVE CENTER: This project will provide for the construction of an armed forces reserve center including assembly hall, kitchen, supply, locker room, administrative classroom spaces and parking. When completed, this project is expected to decrease operating costs by \$20,150.

State	\$ 500	\$ 0	\$ 100	\$ 600
Fed.	19,324	0	3,046	22,370

Wilkes-Barre Readiness Center, Luzerne County

REHABILITATE READINESS CENTER: This project will provide for the rehabilitation of readiness center assembly hall, dining facility, classrooms, administration offices, storage space, rest rooms, locker rooms, and mechanical. When completed, this project is expected to decrease operating costs by \$30,167 annually.

State	2,500	0	500	3,000
Fed.	9,000	0	1,620	10,620

Pittsburgh Support Maintenance Shop, Allegheny County

COMBINE FIELD MAINTENANCE SHOPS: This project will provide for the combining of three field maintenance shops with 11,300 square feet of usable space and 2,250 square feet of unheated storage. When completed, this project is expected to decrease operating costs by \$15,150 annually.

State	1,200	0	240	1,440
Fed.	38,500	0	3,460	41,960

Bradford Readiness Center, McKean County

EXPAND READINESS CENTER: This project will provide for the expansion of the Bradford Readiness Center including infrastructure at the airport. When completed, this project is expected to decrease operating costs by \$10,639 annually.

State	1,000	0	200	1,200
Fed.	3,000	0	600	3,600

Coraopolis Readiness Center, Allegheny County

REHABILITATION OF CORAOPOLIS READINESS CENTER: This project will provide for the rehabilitation of the Coraopolis Readiness Center to include assembly hall, classrooms, administrative offices, storage spaces, rest rooms, locker rooms and mechanical rooms and upgrade the building systems- HVAC, roofs, windows, doors and repairs to the facade. When completed, this project is expected to decrease operating costs by \$4,295 annually.

State	1,250	0	250	1,500
Fed.	0	0	0	0

Department of Military and Veterans Affairs 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: State Military Readiness				
Hollidaysburg Readiness Center, Blair County	State \$ 2,000	\$ 0	\$ 400	\$ 2,400
REHABILITATION OF HOLLIDAYSBURG READINESS CENTER: This project will provide for the rehabilitation of the Hollidaysburg Readiness Center to include assembly hall, classrooms, administrative offices, storage spaces, rest rooms, locker rooms and mechanical rooms and upgrade the building systems- HVAC, roofs, windows, doors and repairs to the facade. When completed, this project is expected to decrease operating costs by \$5,000 annually.	Fed. 0	0	0	0
Lock Haven Readiness Center, Clinton County	State 2,500	0	500	3,000
REHABILITATION OF LOCK HAVEN READINESS CENTER: This project will provide for the renovation of Lock Haven Readiness Center to current standards to include assembly hall, classrooms, administrative offices, storage spaces, rest rooms, locker rooms and mechanical rooms and upgrade the building systems- HVAC, roofs, windows, doors, repairs to the facade, expansion of parking and construction of unheated storage facility. When completed, this project is expected to decrease operating costs by \$6,497 annually.	Fed. 2,500	0	500	3,000
Schuylkill County Readiness Center, Schuylkill County	State 0	1,600	0	1,600
LAND ACQUISITION: This project will provide for the acquisition of 10-20 acres of land for future development and use. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0
Spring City Armory, Chester County	State 3,000	0	600	3,600
REHABILITATION OF SPRING CITY ARMORY: This project will provide for the rehabilitation of the Spring City Armory to current standards to include assembly hall, classrooms, administrative offices, storage spaces, rest rooms, locker rooms and mechanical rooms and upgrade the building systems- HVAC, roofs, windows, doors, repairs to the facade, expansion of parking and construction of unheated storage facility. When completed, this project is expected to decrease operating costs by \$7,827 annually.	Fed. 0	0	0	0

Department of Military and Veterans Affairs 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: State Military Readiness				
York Readiness Center, York County	State \$ 2,000	\$ 0	\$ 400	\$ 2,400
REHABILITATION OF YORK READINESS CENTER: This project will provide for the rehabilitation of the York Readiness Center to include assembly hall, classrooms, administrative offices, storage spaces, rest rooms, locker rooms and mechanical rooms and upgrade the building systems- HVAC, roofs, windows, doors, repairs to the facade, expansion of parking and construction of unheated storage facility. When completed, this project is expected to decrease operating costs by \$6,000 annually.	Fed. 0	0	0	0
Butler Readiness Center, Butler County	State 3,300	0	500	3,800
REHABILITATION OF BUTLER READINESS CENTER: This project will provide for the rehabilitation of the Butler Readiness Center to include assembly hall, classrooms, administrative offices, storage spaces, rest rooms, locker rooms and mechanical rooms and upgrade the building systems- HVAC, roofs, windows, doors, repairs to the facade, expansion of parking and construction of unheated storage facility. When completed, this project is expected to decrease operating costs by \$14,000 annually.	Fed. 0	0	0	0
East Stroudsburg Readiness Center, Monroe County	State 2,400	0	600	3,000
REHABILITATION OF EAST STROUDSBURG READINESS CENTER: This project will provide for the rehabilitation of the East Stroudsburg Readiness Center to include assembly hall, classrooms, administrative offices, storage spaces, rest rooms, locker rooms and mechanical rooms and upgrade the building systems- HVAC, roofs, windows, doors, repairs to the facade, expansion of parking and construction of unheated storage facility. When completed, this project is expected to decrease operating costs by \$5,000 annually.	Fed. 0	0	0	0
Ford City Readiness Center, Armstrong County	State 2,500	0	500	3,000
REHABILITATION OF FORD CITY READINESS CENTER: This project will provide for the rehabilitation of the Ford City Readiness Center to include assembly hall, classrooms, administrative offices, storage spaces, rest rooms, locker rooms and mechanical rooms and upgrade the building systems- HVAC, roofs, windows, doors, repairs to the facade, expansion of parking and construction of unheated storage facility. When completed, this project is expected to decrease operating costs by \$5,500 annually	Fed. 0	0	0	0

Department of Military and Veterans Affairs 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: State Military Readiness				
Hermitage Readiness Center, Mercer County	State \$ 4,000	\$ 0	\$ 700	\$ 4,700
REHABILITATION OF HERMITAGE READINESS CENTER: This project will provide for the rehabilitation of the Hermitage Readiness Center to include assembly hall, classrooms, administrative offices, storage spaces, rest rooms, locker rooms and mechanical rooms and upgrade the building systems- HVAC, roofs, windows, doors, repairs to the facade, expansion of parking and construction of unheated storage facility. When completed, this project is expected to decrease operating costs by \$3,500 annually.	Fed. 0	0	0	0
Harrisburg Readiness Center, Dauphin County	State \$ 4,000	\$ 0	\$ 600	\$ 4,600
REHABILITATION OF HARRISBURG READINESS CENTER: This project will provide for the rehabilitation of the Harrisburg Readiness Center to include assembly hall, classrooms, administrative offices, storage spaces, rest rooms, locker rooms and mechanical rooms and upgrade the building systems- HVAC, roofs, windows, doors, repairs to the facade, expansion of parking and construction of unheated storage facility. When completed, this project is expected to decrease operating costs by \$30,000 annually.	Fed. 0	0	0	0
Indiana Readiness Center, Indiana County	State 2,700	0	500	3,200
REHABILITATION OF INDIANA READINESS CENTER: This project will provide for the rehabilitation of the Indiana Readiness Center to include assembly hall, classrooms, administrative offices, storage spaces, rest rooms, locker rooms and mechanical rooms and upgrade the building systems- HVAC, roofs, windows, doors, repairs to the facade, expansion of parking and construction of unheated storage facility. When completed, this project is expected to decrease operating costs by \$5,000 annually.	Fed. 0	0	0	0
Kane Readiness Center, McKean County	State 2,800	0	500	3,300
REHABILITATION OF KANE READINESS CENTER: This project will provide for the rehabilitation of the Kane Readiness Center to include assembly hall, classrooms, administrative offices, storage spaces, rest rooms, locker rooms and mechanical rooms and upgrade the building systems- HVAC, roofs, windows, doors, repairs to the facade, expansion of parking and construction of unheated storage facility. When completed, this project is expected to decrease operating costs by \$3,000 annually.	Fed. 0	0	0	0

Department of Military and Veterans Affairs 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: State Military Readiness				
Pittsburgh Hunt Readiness Center, Allegheny County	State \$ 4,000	\$ 0	\$ 500	\$ 4,500
REHABILITATION OF PITTSBURGH HUNT READINESS CENTER:	Fed. 0	0	0	0
This project will provide additional funding for the rehabilitation of the Pittsburgh Hunt Readiness Center to include assembly hall, classrooms, administrative offices, storage spaces, rest rooms, locker rooms and mechanical rooms and upgrade the building systems- HVAC, roofs, windows, doors, repairs to the facade, expansion of parking and construction of unheated storage facility. When completed, this project is expected to decrease operating costs by \$10,000 annually.				
Mount Pleasant Readiness Center, Westmoreland County	State 2,500	0	500	3,000
REHABILITATION OF MOUNT PLEASANT READINESS CENTER:	Fed. 0	0	0	0
This project will provide for the rehabilitation of the Mount Pleasant Readiness Center to include assembly hall, classrooms, administrative offices, storage spaces, rest rooms, locker rooms and mechanical rooms and upgrade the building systems- HVAC, roofs, windows, doors, repairs to the facade, expansion of parking and construction of unheated storage facility. When completed, this project is expected to decrease operating costs by \$5,000 annually.				
Plymouth Meeting Readiness Center, Montgomery County	State 3,900	0	600	4,500
REHABILITATION OF PLYMOUTH MEETING READINESS CENTER:	Fed. 0	0	0	0
This project will provide for the rehabilitation of the Plymouth Meeting Readiness Center to include assembly hall, classrooms, administrative offices, storage spaces, rest rooms, locker rooms and mechanical rooms and upgrade the building systems- HVAC, roofs, windows, doors, repairs to the facade, expansion of parking and construction of unheated storage facility. When completed, this project is expected to decrease operating costs by \$4,000 annually.				
Total State.....	\$ 48,050	\$ 1,600	\$ 8,690	\$ 58,340
Total Federal.....	72,324	0	9,226	81,550
PROGRAM TOTAL.....	\$ 120,374	\$ 1,600	\$ 17,916	\$ 139,890

Department of Military and Veterans Affairs 2012-13 Projects

(Dollar Amounts in Thousands)

		Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS					
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>					
Program: Veterans Homes and School					
Hollidaysburg Veterans Home, Blair County	State	\$ 1,060	\$ 0	\$ 265	\$ 1,325
RENOVATION OF HOLLIDAYSBURG VETERANS HOME: This project will provide for the renovation and general repairs of the Hollidaysburg Veterans Home. When completed, this project is not expected to increase operating costs.	Fed.	0	0	0	0
Pennsylvania Soldiers and Sailors Home, Erie County	State	2,560	0	640	3,200
RENOVATION OF SOLDIERS & SAILORS' HOME: This project will provide for the renovation and general repairs of the PA Soldiers and Sailors Home including life safety and regulatory deficiencies. When completed, this project is not expected to increase operating costs.	Fed.	0	0	0	0
Southeastern Veterans' Center, Chester County	State	1,540	0	385	1,925
RENOVATION OF SOUTHEASTERN VETERANS' CENTER: This project will provide for the renovation and general repairs of the Southeastern Veterans Center including replacement of facility roof. When completed, this project is not expected to increase operating costs.	Fed.	0	0	0	0
Gino J. Merli Veterans Center, Lackawanna County	State	2,316	0	579	2,895
RENOVATION OF GINO J. MERLI VETERANS CENTER: This project will provide for the renovation and general repairs of the Gino J. Merli Veterans Center including life safety and regulatory deficiencies. When completed, this project is not expected to increase operating costs.	Fed.	0	0	0	0
Delaware Valley Veterans Home, Philadelphia County	State	1,300	0	325	1,625
RENOVATION OF DELAWARE VALLEY VETERANS HOME: This project will provide for the renovation and general repairs of the Delaware Valley Veterans Home including life safety and regulatory deficiencies. When completed, this project is not expected to increase operating costs.	Fed.	0	0	0	0

Department of Military and Veterans Affairs 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Veterans Homes and School				
Southwestern Veterans Center, Allegheny County	State \$ 2,500	\$ 0	\$ 625	\$ 3,125
RENOVATION OF SOUTHWESTERN VETERANS CENTER: This project will provide for the renovation and general repairs of the Southwestern Veterans Center including life safety and regulatory deficiencies. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0
Hollidaysburg Veterans Home, Blair County	State 3,200	0	800	4,000
RENOVATION OF HOLLIDAYSBURG VETERANS HOME: This project will provide for the renovation and general repairs of the Hollidaysburg Veterans Home. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0
Pennsylvania Soldiers and Sailors Home, Erie County	State 3,200	0	800	4,000
RENOVATION OF SOLDIERS & SAILORS HOME: This project will provide for the renovation and general repairs of the PA Soldiers and Sailors Home including life safety and regulatory deficiencies. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0
Southeastern Veterans Center, Chester County	State 3,200	0	800	4,000
RENOVATION OF SOUTHEASTERN VETERANS CENTER: This project will provide for the renovation and general repairs of the Southeastern Veterans Center including replacement of facility roof. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0
Gino J. Merli Veterans Center, Lackawanna County	State 3,200	0	800	4,000
RENOVATION OF GINO J. MERLI VETERANS CENTER: This project will provide for the renovation and general repairs of the Gino J. Merli Veterans Center including life safety and regulatory deficiencies. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0
Southwestern Veterans Center, Allegheny County	State 3,200	0	800	4,000
RENOVATION OF SOUTHWESTERN VETERANS CENTER: This project will provide for the renovation and general repairs of the Southwestern Veterans Center including life safety and regulatory deficiencies. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0

Department of Military and Veterans Affairs 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Veterans Homes and School				
Delaware Valley Veterans Home, Philadelphia County	State \$ 3,200	\$ 0	\$ 800	\$ 4,000
RENOVATION OF DELAWARE VALLEY VETERANS HOME: This project will provide for the renovation and general repairs of the Delaware Valley Veterans Home including life safety and regulatory deficiencies. When completed, this project is not expected to increase operating costs.	Fed. 0	0	0	0
Total State.....	\$ 30,476	\$ 0	\$ 7,619	\$ 38,095
Total Federal.....	0	0	0	0
PROGRAM TOTAL.....	<u>\$ 30,476</u>	<u>\$ 0</u>	<u>\$ 7,619</u>	<u>\$ 38,095</u>

DEPARTMENT OF PUBLIC WELFARE

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2012-13 PUBLIC IMPROVEMENT PROJECTS				
Human Services.....	\$ 32,420	\$ 0	\$ 3,380	\$ 35,800
TOTAL PROJECTS.....	<u>\$ 32,420</u>	<u>\$ 0</u>	<u>\$ 3,380</u>	<u>\$ 35,800</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 32,420	\$ 0	\$ 3,380	\$ 35,800
Capital Facilities Fund - Furniture and Equipment.....	0	0	0	0
TOTAL.....	<u>\$ 32,420</u>	<u>\$ 0</u>	<u>\$ 3,380</u>	<u>\$ 35,800</u>

Department of Public Welfare 2012-13 Projects

<i>This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.</i>	(Dollar Amounts in Thousands)			
	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
PUBLIC IMPROVEMENT PROJECTS				
Program: Human Services				
Torrance State Hospital, Westmoreland County	\$ 2,000	\$ 0	\$ 0	\$ 2,000
REPLACE WASTEWATER TREATMENT PLANT ADDITIONAL FUNDING: This project will provide for additional funds for the construction and replacement of the existing wastewater treatment plant.				
Polk Center, Venango County	1,620	0	180	1,800
UPGRADE FIRE SAFETY: This project will provide for the upgrade to the fire alarm and fire suppression system throughout the facility.				
Loysville Youth Development Center, Perry County	2,700	0	300	3,000
UPGRADE HVAC: This project will upgrade and replace HVAC equipment throughout the facility to meet current ventilation codes.				
South Mountain Center, Franklin County	3,150	0	350	3,500
BREECH DAM AND LAND RESTORATION: This project will provide for the breach of Carbarough dam and land restoration to protect property and life as mandated by DEP.				
Ebensburg Center, Cambria County	1,980	0	220	2,200
UPGRADE FIRE SAFETY: This project will provide for the upgrade to the fire alarm and fire suppression system throughout the facility.				
New Castle Youth Development Center, Lawrence County	540	0	60	600
REPLACE WINDOWS: This project will replace existing standard glass windows with new security type shatterproof glass windows for health and safety issues.				
Warren State Hospital, Warren County	3,600	0	400	4,000
UPGRADE ELECTRICAL SYSTEM: This project will provide for the upgrade of medium voltage and low voltage electrical gear throughout the facility.				

Department of Public Welfare 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
<i>PUBLIC IMPROVEMENT PROJECTS (continued)</i>				
Program: Human Services				
White Haven Center, Luzerne County	\$ 1,890	\$ 0	\$ 210	\$ 2,100
UPGRADE FIRE SAFETY: This project will provide for the upgrade to the fire alarm and fire suppression system throughout the facility.				
North Central Secure Treatment Unit, Montour County	540	0	60	600
REPLACE WINDOWS: This project will replace existing standard glass windows with new security type shatterproof glass windows for health and safety issues.				
Clarks Summit State Hospital, Lackawanna County	2,520	0	280	2,800
UPGRADE FIRE SAFETY: This project will provide for the upgrade to the fire alarm and fire suppression system throughout the facility.				
White Haven Center, Luzerne County	4,950	0	550	5,500
UPGRADE BOILER PLANT: This project will provide for the upgrade of existing facility to comply with current emission requirements.				
Norristown State Hospital, Montgomery County	4,500	0	500	5,000
UPGRADE HVAC: This project will upgrade and replace HVAC equipment throughout the facility to meet current ventilation codes.				
Selinsgrove Center, Snyder County	2,430	0	270	2,700
UPGRADE FIRE SAFETY: This project will provide for the upgrade to the fire alarm and fire suppression system throughout the facility.				
 PROGRAM TOTAL.....	 <u>\$ 32,420</u>	 <u>\$ 0</u>	 <u>\$ 3,380</u>	 <u>\$ 35,800</u>

STATE POLICE

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2012-13 PUBLIC IMPROVEMENT PROJECTS				
Public Protection and Law Enforcement.....	\$ 22,500	\$ 1,500	\$ 5,000	\$ 29,000
TOTAL PROJECTS.....	<u>\$ 22,500</u>	<u>\$ 1,500</u>	<u>\$ 5,000</u>	<u>\$ 29,000</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Buildings and Structures.....	\$ 22,500	\$ 1,500	\$ 5,000	\$ 29,000
TOTAL.....	<u>\$ 22,500</u>	<u>\$ 1,500</u>	<u>\$ 5,000</u>	<u>\$ 29,000</u>

State Police 2012-13 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: Public Protection and Law Enforcement

DNA Laboratory, Greensburg, Westmoreland County

CONSTRUCT NEW DNA LABORATORY FACILITY:

This project will provide for the construction of a new DNA laboratory to meet requirements and codes.

\$ 22,500	\$ 1,500	\$ 5,000	\$ 29,000
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PROGRAM TOTAL.....

<u>\$ 22,500</u>	<u>\$ 1,500</u>	<u>\$ 5,000</u>	<u>\$ 29,000</u>
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DEPARTMENT OF TRANSPORTATION

Summary of Recommended Authorization Amounts by Program and Source of Funds

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
2012-13 PUBLIC IMPROVEMENT PROJECTS				
State Highway and Bridge Maintenance.....	\$ 4,500	\$ 0	\$ 450	\$ 4,950
Subtotal.....	\$ 4,500	\$ 0	\$ 450	\$ 4,950
TRANSPORTATION ASSISTANCE PROJECTS				
Urban Mass Transportation.....	\$ 993,690	\$ 0	\$ 32,703	\$ 1,026,393
Subtotal.....	\$ 993,690	\$ 0	\$ 32,703	\$ 1,026,393
HIGHWAY PROJECTS				
State Highway, Bridge & Administration Construction/Reconstruction.....	\$ 20,416	\$ 1,560	\$ 3,734	\$ 25,710
TOTAL PROJECTS.....	<u>\$ 1,018,606</u>	<u>\$ 1,560</u>	<u>\$ 36,887</u>	<u>\$ 1,057,053</u>
SOURCE OF FUNDS				
General Obligation Bond Issues				
Capital Facilities Fund - Transportation Assistance.....	\$ 294,305	\$ 0	\$ 32,703	\$ 327,008
Capital Facilities Fund - Public Improvement Projects.....	4,500	0	450	4,950
Current Revenues				
Motor License Fund.....	\$ 5,871	\$ 733	\$ 2,168	\$ 8,772
Federal Funds.....	\$ 702,761	\$ 826	\$ 1,561	\$ 705,148
Local Funds.....	\$ 11,169	\$ 1	\$ 5	\$ 11,175
TOTAL.....	<u>\$ 1,018,606</u>	<u>\$ 1,560</u>	<u>\$ 36,887</u>	<u>\$ 1,057,053</u>

Department of Transportation 2012-13 Projects

(Dollar Amounts in Thousands)

This section provides a brief description of each recommended project, its location, cost components and expected impact on operating expenses.

Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
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FROM CAPITAL FACILITIES BOND FUNDS

PUBLIC IMPROVEMENT PROJECTS

Program: State Highway and Bridge Maintenance

Lackawanna County District Office

RENOVATE DISTRICT 4-0 OFFICE: This project will provide for the renovation and expansion of facility to bring the building into code compliances, upgrade buildings systems, improve program requirements and energy efficiency. When completed, this project will not increase operating costs.

State	\$ 2,500	\$ 0	\$ 250	\$ 2,750
Fed.	0	0	0	0
Local	0	0	0	0

Montgomery County District Office

RENOVATE DISTRICT 6-0 OFFICE: This project will provide for the renovation and expansion of facility to bring the building into code compliances, upgrade buildings systems, improve program requirements and energy efficiency. When completed, this project will not increase operating costs.

State	2,000	0	200	2,200
Fed.	0	0	0	0
Local	0	0	0	0

PROGRAM TOTAL.....	<u>\$ 4,500</u>	<u>\$ 0</u>	<u>\$ 450</u>	<u>\$ 4,950</u>
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FROM CAPITAL FACILITIES BOND FUNDS

TRANSPORTATION ASSISTANCE PROJECTS

Program: Urban Mass Transportation

All of the following projects are grants to local transportation authorities. Consequently, no staffing or operating cost impacts are provided since these will be borne by local budgets.

Southeastern Pennsylvania Transportation Authority

F.F.Y. 2013 FORMULA PROGRAM OF PROJECTS:

This project will provide for SEPTA's state funds to match federal capital funding to replace buses and rehabilitate various facilities and infrastructure to bring to a state of good repair.

State	\$ 20,903	\$ 0	\$ 2,323	\$ 23,226
Fed.	96,000	0	0	96,000
Local	774	0	0	774

Southeastern Pennsylvania Transportation Authority

F.F.Y. 2013 RAIL MODERNIZATION PROGRAM:

This project will provide for SEPTA's state of good repair program, vehicle overhaul program, regional rail signal mechanization, system improvements program, transit and regional rail station program and station accessibility program.

State	20,903	0	2,323	23,226
Fed.	96,000	0	0	96,000
Local	774	0	0	774

Southeastern Pennsylvania Transportation Authority

F.F.Y. 2013 BUS PURCHASE PROGRAM

This project will provide for the acquisition and replacement of buses for SEPTA Services.

State	3,720	0	413	4,133
Fed.	17,083	0	0	17,083
Local	138	0	0	138

Department of Transportation 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
TRANSPORTATION ASSISTANCE PROJECTS (continued)				
Program: Urban Mass Transportation				
Southeastern Pennsylvania Transportation Authority	State \$ 15,678	\$ 0	\$ 1,742	\$ 17,420
FEDERAL COMPETITIVE GRANT PROGRAM:	Fed. 72,000	0	0	72,000
This project will provide for the state funds to match federal capital funding awarded through competitive grant programs by improving air quality and removing congestion.	Local 581	0	0	581
Southeastern Pennsylvania Transportation Authority	State 1,307	0	145	1,452
FEDERAL COMPETITIVE CLEAN FUEL PROGRAM:	Fed. 13,500	0	0	13,500
This project will provide for the state funds to match discretionary federal capital funding to replace existing vehicles with clean fuel vehicles to bring to a state of good repair.	Local 48	0	0	48
Port Authority of Allegheny County	State 12,335	0	1,371	13,706
FY 2011-2012 SECTION 5307 PROGRAM:	Fed. 56,647	0	0	56,647
This program provides for the replacement/rehabilitation of major components of a bus and fixed guideway system.	Local 457	0	0	457
Port Authority of Allegheny County	State 10,580	0	1,176	11,756
FY 2011-2012 SECTION 5309 PROGRAM:	Fed. 48,591	0	0	48,591
This project provides for the replacement/rehabilitation of major components within the Port Authority's rail and busway system to ensure safety and reliability including the North Shore Connector project.	Local 392	0	0	392
Port Authority of Allegheny County	State 1,344	0	149	1,493
FY 2011-2012 SECTION 5307 FLEX PROGRAM:	Fed. 6,172	0	0	6,172
This project will provide for the funding for the match of federal and local funding.	Local 50	0	0	50
Port Authority of Allegheny County	State 1,263	0	140	1,403
FY 2011-2012 SECTION 5309 BUS AND BUS FACILITIES PROGRAM:	Fed. 5,799	0	0	5,799
This project will provide for the utilization of bus and bus facilities earmarks to perform various bus upgrades and facility improvements.	Local 47	0	0	47
Area Transportation Authority	State 863	0	96	959
UPGRADE FACILITY:	Fed. 3,964	0	0	3,964
This project will provide funding for the renovation of the DuBois facility. to bring to a state of good repair	Local 32	0	0	32
Centre Area Transportation Authority	State 1,324	0	147	1,471
REPLACE BUSES:	Fed. 6,080	0	0	6,080
This project will provide for the replacement of 16 buses that have exceeded their useful life.	Local 49	0	0	49
Erie Municipal Transit Authority	State 1,616	0	180	1,796
CONSTRUCT FACILITY:	Fed. 7,419	0	0	7,419
This project will provide funding for the construction of a new operations facility including infrastructure.	Local 60	0	0	60

Department of Transportation 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
TRANSPORTATION ASSISTANCE PROJECTS (continued)				
Program: Urban Mass Transportation				
Lehigh Northampton Transit Authority	State \$ 2,265	\$ 0	\$ 252	\$ 2,517
CONSTRUCT FACILITY:	Fed. 10,400	0	0	10,400
This project will provide funding for the construction of a new operations facility including infrastructure at Allentown operating facility.	Local 3	0	0	3
Monroe County Transit Authority	State 871	0	97	968
CONSTRUCT FACILITY:	Fed. 4,000	0	0	4,000
This project will provide funding for the construction of a new bus storage facility and staging area.	Local 32	0	0	32
Mid Mon Valley Transit Authority	State 869	0	97	966
REHABILITATE BUS STORAGE PHASE II:	Fed. 3,987	0	0	3,987
This project will provide for phase II construction to rehabilitate the existing bus storage, administration and passenger areas at the Donora transit facility.	Local 32	0	0	32
River Valley Transit	State 1,045	0	116	1,161
EXPAND TRADE AND TRANSIT CENTER:	Fed. 4,800	0	0	4,800
This project will provide for the expansion of the Trade & Transit Center and Church Street Transportation Intermodal Center for the RVT.	Local 39	0	0	39
River Valley Transit	State 1,313	0	146	1,459
EXPAND TRADE CENTER:	Fed. 7,000	0	0	7,000
This project will provide for the expansion of the Trade Center.	Local 291	0	0	291
River Valley Transit	State 282	0	31	313
CONSTRUCT FUELING FACILITY:	Fed. 1,500	0	0	1,500
This project will provide for the construction of a CNG fueling station.	Local 62	0	0	62
PA Department of Transportation Keystone Corridor	State 13,500	0	1,500	15,000
REHABILITATE KEYSTONE CORRIDOR:	Fed. 61,999	0	0	61,999
This project will provide funding for capital improvements and capital maintenance to the Keystone Corridor.	Local 500	0	0	500
Southeastern Pennsylvania Transportation Authority	State 30,484	0	3,387	33,871
FY 2013-2014 SAFETY RENEWAL PROGRAM:	Fed. 0	0	0	0
This program is designed to provide funds to rehabilitate or replace existing facilities and infrastructure to bring to a state of good repair.	Local 1,129	0	0	1,129
Southeastern Pennsylvania Transportation Authority	State 17,420	0	1,936	19,356
FY 2013-2014 STATE OF GOOD REPAIR PROGRAM:	Fed. 0	0	0	0
This program is designed to provide funds to rehabilitate or replace existing facilities and infrastructure to bring to a state of good repair.	Local 645	0	0	645

Department of Transportation 2012-13 Projects

(Dollar Amounts in Thousands)

	Base Project Cost	Land Cost	Design & Contingencies	Total Project Cost
FROM CAPITAL FACILITIES BOND FUNDS				
TRANSPORTATION ASSISTANCE PROJECTS (continued)				
Program: Urban Mass Transportation				
Southeastern Pennsylvania Transportation Authority	State \$ 47,903	\$ 0	\$ 5,323	\$ 53,226
VEHICLE OVERHAUL PROGRAM:	Fed. 0	0	0	0
This project will provide for SEPTA's FY 2013-2014 Vehicle Overhaul Program, which provides for the major overhaul of the rolling stock.	Local 1,774	0	0	1,774
Southeastern Pennsylvania Transportation Authority	State 21,775	0	2,419	24,194
FY 2012-2013 STATE OF GOOD REPAIR PROGRAM:	Fed. 0	0	0	0
This program is designed to provide funds to rehabilitate or replace existing facilities and infrastructure to bring to a state of good repair.	Local 806	0	0	806
Southeastern Pennsylvania Transportation Authority	State 28,742	0	3,194	31,936
INFRASTRUCTURE SAFETY RENEWAL PROGRAM:	Fed. 0	0	0	0
This project provides for the restoration of SEPTA's transit and railroad infrastructure including maintenance support facilities.	Local 1,064	0	0	1,064
Port Authority of Allegheny County	State 27,000	0	3,000	30,000
INFRASTRUCTURE SAFETY RENEWAL PROGRAM:	Fed. 123,999	0	0	123,999
This project provides for the restoration of PAAC's transit and railroad infrastructure including maintenance support facilities.	Local 1,000	0	0	1,000
Port Authority of Allegheny County	State 4,500	0	500	5,000
VEHICLE OVERHAUL PROGRAM:	Fed. 20,666	0	0	20,666
This project will provide for PAAC's Vehicle Overhaul Program, which provides for the major overhaul of the rolling stock.	Local 167	0	0	167
Centre Area Transportation Authority	State 4,500	0	500	5,000
RENOVATE STORAGE AREA:	Fed. 20,666	0	0	20,666
This project will provide for the renovation of current maintenance garage to create more useable space on current property.	Local 167	0	0	167
TOTAL STATE FUNDS.....	\$ 294,305	\$ 0	\$ 32,703	\$ 327,008
TOTAL FEDERAL FUNDS.....	688,272	0	0	688,272
TOTAL LOCAL FUNDS.....	11,113	0	0	11,113
PROGRAM TOTAL.....	\$ 993,690	\$ 0	\$ 32,703	\$ 1,026,393

Department of Transportation 2012-13 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Adams County	State	100	0	95	195
Tributary Oppssum Creek	Federal	0	0	0	0
Butler (Twp)	Local	0	0	0	0
Replacement	Total	100	0	95	195
Bradford County	State	0	259	95	354
3 Miles West Of SR 220 Over Bucks Creek	Federal	2,738	0	0	2,738
Smithfield (Twp)	Local	0	0	0	0
Replacement	Total	2,738	259	95	3,092
Bradford County	State	0	71	26	97
2.4 Miles West Of SR 220 Over Bucks Creek	Federal	750	0	0	750
Smithfield (Twp)	Local	0	0	0	0
Preservation	Total	750	71	26	847
Columbia County	State	140	30	60	230
West Branch West Creek	Federal	0	0	0	0
Sugarloaf (Twp)	Local	0	0	0	0
Replacement	Total	140	30	60	230
Erie County	State	560	50	150	760
North Bound Over Mill Creek Tributary	Federal	0	0	0	0
Millcreek (Twp)	Local	0	0	0	0
Replacement	Total	560	50	150	760
Franklin County	State	0	10	375	385
I-81	Federal	2,240	0	0	2,240
Antrim (Twp)	Local	0	0	0	0
Rehabilitation	Total	2,240	10	375	2,625
Franklin County	State	200	0	95	295
Tributary Back Creek	Federal	0	0	0	0
Saint Thomas (Twp)	Local	0	0	0	0
Replacement	Total	200	0	95	295

Department of Transportation 2012-13 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Fulton County	State	150	5	20	175
Sipes Mill Road Over Crane Run	Federal	0	0	0	0
Belfast (Twp)	Local	0	0	0	0
Replacement	Total	150	5	20	175
Lebanon County	State	618	35	75	728
Beth Run	Federal	0	0	0	0
Swatara (Twp)	Local	0	0	0	0
Replacement	Total	618	35	75	728
Lycoming County	State	940	30	320	1,290
Tributary To Second Fork	Federal	0	0	0	0
Cummings (Twp)	Local	0	0	0	0
Replacement	Total	940	30	320	1,290
Lycoming County	State	150	20	50	220
Hagermans Run	Federal	0	0	0	0
Armstrong (Twp)	Local	0	0	0	0
Replacement	Total	150	20	50	220
Lycoming County	State	150	20	51	221
Tributary Beautys Run	Federal	0	0	0	0
Lycoming (Twp)	Local	0	0	0	0
Replacement	Total	150	20	51	221
Northumberland County	State	140	30	55	225
Tributary To Shamokin Creek	Federal	0	0	0	0
Ralpho (Twp)	Local	0	0	0	0
Replacement	Total	140	30	55	225
Snyder County	State	150	30	55	235
Tributary To Penns Creek	Federal	0	0	0	0
Jackson (Twp)	Local	0	0	0	0
Replacement	Total	150	30	55	235

Department of Transportation 2012-13 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

BRIDGE PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
York County	State	100	0	95	195
Tributary Yellow Breeches	Federal	0	0	0	0
Fairview (Twp)	Local	0	0	0	0
Replacement	Total	100	0	95	195
York County	State	100	0	95	195
Rockville Road Over Pierceville Run	Federal	0	0	0	0
Codorus (Twp)	Local	0	0	0	0
Replacement	Total	100	0	95	195
York County	State	168	3	15	186
West Philadelphia Street, Westbound Over Codorus Creek	Federal	896	16	80	992
York (City)	Local	56	1	5	62
Rehabilitation	Total	1,120	20	100	1,240
TOTAL STATE FUNDS.....	State	3,666	593	1,727	5,986
TOTAL FEDERAL FUNDS.....	Federal	6,624	16	80	6,720
TOTAL LOCAL FUNDS.....	Local	56	1	5	62
PROGRAM TOTAL.....	Total	10,346	610	1,812	12,768

Department of Transportation 2012-13 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Columbia County	State	280	0	15	295
Park Street to Shaffer Street	Federal	1,120	0	0	1,120
Scott (Twp), Bloomsburg	Local	0	0	0	0
SR11 Segment 0170/1237 to 0210/1881 Mill and Resurface	Total	1,400	0	15	1,415
Erie County	State	340	70	60	470
SR 3006 (Crossingville Road) at Fry Road	Federal	1,360	280	240	1,880
Washington (Twp)	Local	0	0	0	0
Washington Town Boulevard to 500' east of Fry Road. Grade adjustments, widening, drainage, paved shoulders, resurface and markings. Left turn lane at Fry Road.	Total	1,700	350	300	2,350
Lancaster County	State	0	0	100	100
PA 324 Safety Improvement	Federal	1,000	350	737	2,087
Martic (Twp)	Local	0	0	0	0
Realignment of Intersection at SR 324 (Marticville Road) and SR 3019 (Red Hill Road).	Total	1,000	350	837	2,187
Lancaster County	State	92	10	28	130
Belmont Road Intersection	Federal	828	90	252	1,170
Paradise (Twp)	Local	0	0	0	0
SR 2035 (Belmont Road) and PA-741 Sight Distance Improvements	Total	920	100	280	1,300
Lycoming County	State	375	0	50	425
Spruce Street to Muncy Creek	Federal	0	0	0	0
Wolf (Twp), Hughesville (Boro)	Local	0	0	0	0
SR 118 seg 0010/0225 to 0010/2500 Mill and Resurface	Total	375	0	50	425
Northumberland County	State	1,000	0	10	1,010
SR 61 From Fifth Street to SR 54	Federal	0	0	0	0
Mount Carmel (Twp), Kulpmont (Boro)	Local	0	0	0	0
Resurface and Upgrade Guide Rail.	Total	1,000	0	10	1,010

Capital Budget

Department of Transportation 2012-13 Projects

(Dollar Amounts in Thousands)

FROM CURRENT REVENUES

HIGHWAY PROJECTS

Program: State Highway and Bridge Construction

		Base Project Cost	Land Cost	Design Cost	Total Project Cost
Perry County	State	118	10	28	156
PA 34 & PA 850 Intersection	Federal	1,058	90	252	1,400
Carroll (Twp)	Local	0	0	0	0
Safety Improvements	Total	1,175	100	280	1,555
Warren County	State	0	50	150	200
SR 59 Slide	Federal	2,500	0	0	2,500
Mead (Twp)	Local	0	0	0	0
SR 59 (Kinzua Lane) Design-build Slide Correction	Total	2,500	50	150	2,700
TOTAL STATE FUNDS.....	State	2,204	140	441	2,785
TOTAL FEDERAL FUNDS.....	Federal	7,866	810	1,481	10,157
TOTAL LOCAL FUNDS.....	Local	0	0	0	0
PROGRAM TOTAL.....	Total	10,070	950	1,922	12,942

FORECAST OF FUTURE NEW PROJECT AUTHORIZATIONS State Funds

This table provides a summary of the estimated level of future authorizations by department from bond funds and current revenue sources.

(Dollar Amounts in Thousands)

	2013-14	2014-15	2015-16	2016-17
Agriculture.....	\$ 33,600	\$ 35,280	\$ 37,044	\$ 38,896
Conservation and Natural Resources.....	85,300	116,000	114,000	100,800
Corrections.....	0	0	0	0
Education.....	136,100	156,300	155,500	185,500
Emergency Management Agency.....	0	0	0	0
Environmental Protection.....	53,336	31,350	28,112	52,155
Fish and Boat Commission.....	2,000	1,500	1,000	1,000
Game Commission.....	2,000	1,000	1,000	1,000
General Services.....	0	0	0	0
Historical and Museum Commission.....	38,260	38,600	45,800	63,688
Military and Veterans Affairs.....	0	0	0	0
Public Welfare.....	29,090	26,820	21,880	24,270
State Police.....	0	0	0	0
Transportation.....	475,000	475,000	475,000	475,000
TOTAL.....	\$ 854,686	\$ 881,850	\$ 879,336	\$ 942,309

Forecast of Future Projects

This section contains estimated authorizations (State funds only) for future Capital Budgets from 2013-14 through 2016-17. Amounts in this section are grouped by department, along with the general types of projects involved, and are identified by capital project category.

(Dollar Amounts in Thousands)

	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
FROM CAPITAL FACILITIES BOND FUNDS				
Agriculture				
PUBLIC IMPROVEMENT PROJECTS: Provides for improvements at the Farm Show Complex and the laboratory.	\$ 33,600	\$ 35,280	\$ 37,044	\$ 38,896
Conservation and Natural Resources				
PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovation of support, day use, camping facilities and utility systems at the state parks; construction of district offices, central garages, radio communications systems and rehabilitation of forest roads in forest districts. Also may include original furniture and equipment authorizations.	45,300	75,000	72,000	57,800
Corrections				
PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovation of administrative, industrial, educational and housing facilities and utilities at the state-owned correctional institutions. Also may include original furniture and equipment authorizations.	0	0	0	0
Education				
PUBLIC IMPROVEMENT PROJECTS: Provides for construction, expansion, renovation and conversion of classroom and auxiliary buildings, utilities and recreational facilities for the State System of Higher Education, State-Owned Schools and for the State-Related Universities. Also may include original furniture and equipment authorizations.	136,100	156,300	155,500	185,500
Emergency Management Agency				
PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovations at the State Fire Academy, Emergency Operations Centers around the state and other emergency facilities.	0	0	0	0
Environmental Protection				
PUBLIC IMPROVEMENT PROJECTS: Provides for construction and improvement projects to protect the environment and the health and safety of citizens using state lands and waterways. These projects include flood protection construction. Also may include original furniture and equipment authorizations.	0	0	0	0
Environmental Protection				
FLOOD CONTROL PROJECTS: Provides for the state share of federal flood control projects including the construction and improvement of levees, dikes, walls, revetments, dams, lakes, reservoirs and other works deemed necessary to control floods. Also, will control, preserve and regulate the flow of rivers and streams.	53,336	31,350	28,112	52,155
General Services				
PUBLIC IMPROVEMENT PROJECTS: Provides for the construction, renovation and improvements to state office buildings and facilities.	0	0	0	0

Capital Budget

Forecast of Future Projects

(Dollar Amounts in Thousands)

FROM CAPITAL FACILITIES BOND FUNDS (continued)	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Historical and Museum Commission	\$ 38,260	\$ 38,600	\$ 45,800	\$ 63,688
PUBLIC IMPROVEMENT PROJECTS: Provides for restoration and renovation of historic facilities, installation of fire and security systems, development of fixed exhibits and miscellaneous building and utility improvements at commonwealth owned museums and historic sites. Also may include original furniture and equipment authorizations.				
Military and Veterans Affairs	0	0	0	0
PUBLIC IMPROVEMENT PROJECTS: Provides for land acquisition, renovations, additions and replacement at the state armories and veterans' homes. Also may include original furniture and equipment authorizations.				
Public Welfare	29,090	26,820	21,880	24,270
PUBLIC IMPROVEMENT PROJECTS: Provides for construction and renovation of patient buildings, support facilities and utilities at the state institutions for the mentally ill and intellectually disabled, restoration centers and youth development centers. Also may include original furniture and equipment authorizations.				
State Police	0	0	0	0
PUBLIC IMPROVEMENT PROJECTS: Provides for renovation, expansion and construction of troop headquarters/station facilities and driver examination facilities. Also may include original furniture and equipment authorizations.				
Transportation	0	0	0	0
PUBLIC IMPROVEMENT PROJECTS: Provides for construction of and additions to highway maintenance and district office buildings, driver examination facilities, welcome centers and state-owned airport facilities. Also may include original furniture and equipment authorizations.				
Transportation	175,000	175,000	175,000	175,000
TRANSPORTATION ASSISTANCE PROJECTS: Provides for the purchase/rehabilitation of rolling stock and equipment and for construction/renovation of facilities operated by local mass transportation agencies. Also includes the purchase and improvement of rail lines.				
CAPITAL FACILITIES BOND FUNDS				
Total — Public Improvement Program.....	\$ 282,350	\$ 332,000	\$ 332,224	\$ 370,154
Total — Flood Control Program.....	53,336	31,350	28,112	52,155
Total — Transportation Assistance Program.....	175,000	175,000	175,000	175,000
SUBTOTAL— CAPITAL FACILITIES BOND FUNDS.....	\$ 510,686	\$ 538,350	\$ 535,336	\$ 597,309

Capital Budget

Forecast of Future Projects

(Dollar Amounts in Thousands)

	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
FROM CURRENT REVENUES				
Conservation and Natural Resources	\$ 15,000	\$ 16,000	\$ 17,000	\$ 18,000
PUBLIC IMPROVEMENT PROJECTS — KEYSTONE RECREATION, PARK AND CONSERVATION FUND: Provides for the rehabilitation, repair and development of state park and forest facilities which are critical for visitor safety and environmental protection or essential for facility operation.				
Conservation and Natural Resources	25,000	25,000	25,000	25,000
PUBLIC IMPROVEMENT PROJECTS — ENVIRONMENTAL STEWARDSHIP FUND: Provides for the acquisition, rehabilitation and development of open space, forests, parks and scenic environments.				
Fish and Boat Commission	2,000	1,500	1,000	1,000
PUBLIC IMPROVEMENT PROJECTS — FISH AND BOAT FUND: Provides for acquisition of property, construction of new capital assets and renovation of existing facilities for the development of fisheries and recreational boating facilities.				
Game Commission	2,000	1,000	1,000	1,000
PUBLIC IMPROVEMENT PROJECTS — GAME FUND: Provides for acquisition of additional state game lands.				
Transportation	300,000	300,000	300,000	300,000
HIGHWAY PROJECTS — MOTOR LICENSE FUND: Provides for the purchase of right-of-way, construction, and reconstruction of highways and bridges on the commonwealth road system and major federally designated safety projects.				
CURRENT REVENUES				
Total – Public Improvement Program.....	\$ 44,000	\$ 43,500	\$ 44,000	\$ 45,000
Total – Highway Program.....	300,000	300,000	300,000	300,000
SUBTOTAL – CURRENT REVENUES.....	\$ 344,000	\$ 343,500	\$ 344,000	\$ 345,000
TOTAL – ALL PROGRAMS.....	\$ 854,686	\$ 881,850	\$ 879,336	\$ 942,309

ESTIMATED CAPITAL PROJECT EXPENDITURES BY DEPARTMENT

This table provides a summary of total estimated capital expenditures for state funds by department.

(Dollar Amounts in Thousands)

Department	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Executive Offices.....	\$ 5,257	\$ 5,257	\$ 2,629	\$ 0	\$ 0
Agriculture.....	2,635	7,912	8,781	14,049	22,934
Conservation and Natural Resources.....	50,668	69,758	78,872	83,538	98,852
Community and Economic Development.....	464,698	435,037	398,024	327,336	255,202
Corrections.....	234,422	161,286	58,730	50,855	53,675
Education.....	348,883	376,738	379,463	345,640	257,778
Emergency Management Agency.....	4,510	3,310	3,513	3,861	4,182
Environmental Protection.....	24,878	39,287	50,934	61,465	50,758
Fish and Boat Commission.....	19,568	15,979	12,144	5,367	5,750
Game Commission.....	1,210	1,022	89	98	106
General Services.....	155,270	80,053	66,412	188,341	62,083
Historical and Museum Commission.....	14,626	18,805	17,641	23,182	32,422
Military and Veterans Affairs.....	23,509	30,050	23,505	22,597	21,263
Public Welfare.....	7,657	9,493	14,494	18,460	24,203
State Police.....	5,621	6,983	6,780	7,020	7,242
Transportation.....	585,722	574,587	565,033	565,777	557,817
TOTAL - ALL STATE FUNDS.....	\$ 1,949,133	\$ 1,835,555	\$ 1,687,044	\$ 1,717,586	\$ 1,454,265

Totals may not add due to rounding.

Estimate of Capital Expenditures

This table provides estimated capital expenditures by department for currently authorized capital projects, projects recommended in this budget and potential future authorizations.

(Dollar Amounts in Thousands)

	<u>2012-13 Estimated</u>	<u>2013-14 Estimated</u>	<u>2014-15 Estimated</u>	<u>2015-16 Estimated</u>	<u>2016-17 Estimated</u>
CAPITAL FACILITIES BOND FUNDS					
Executive Offices					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Furniture and Equipment.....	5,257	5,257	2,629	0	0
Projects in 2012-13 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2013-17)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - EXECUTIVE OFFICES.....	<u>\$ 5,257</u>	<u>\$ 5,257</u>	<u>\$ 2,629</u>	<u>\$ 0</u>	<u>\$ 0</u>
Agriculture					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 2,315	\$ 4,696	\$ 604	\$ 664	\$ 719
Furniture and Equipment.....	0	0	0	0	0
Projects in 2012-13 Budget					
Buildings and Structures.....	320	2,880	4,800	4,800	4,800
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2013-17)					
Buildings and Structures.....	0	336	3,377	8,585	17,415
Furniture and Equipment.....	0	0	0	0	0
TOTAL - AGRICULTURE.....	<u>\$ 2,635</u>	<u>\$ 7,912</u>	<u>\$ 8,781</u>	<u>\$ 14,049</u>	<u>\$ 22,934</u>
Conservation and Natural Resources					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 20,972	\$ 21,120	\$ 21,708	\$ 18,877	\$ 12,128
Furniture and Equipment.....	942	1,428	29	0	0
Projects in 2012-13 Budget					
Buildings and Structures.....	1,434	12,910	21,516	21,516	21,516
Furniture and Equipment.....	1,375	4,125	0	0	0
Future Projects (2013-17)					
Buildings and Structures.....	0	453	4,827	14,265	29,633
Furniture and Equipment.....	0	0	0	0	0
TOTAL - CONSERVATION AND NATURAL RESOURCES.....	<u>\$ 24,723</u>	<u>\$ 40,036</u>	<u>\$ 48,080</u>	<u>\$ 54,658</u>	<u>\$ 63,277</u>
Community and Economic Development					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 116,041	\$ 111,236	\$ 114,925	\$ 104,239	\$ 76,049
Furniture and Equipment.....	0	0	0	0	0
Projects in 2012-13 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2013-17)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Subtotal.....	<u>\$ 116,041</u>	<u>\$ 111,236</u>	<u>\$ 114,925</u>	<u>\$ 104,239</u>	<u>\$ 76,049</u>

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2012-13</u> <u>Estimated</u>	<u>2013-14</u> <u>Estimated</u>	<u>2014-15</u> <u>Estimated</u>	<u>2015-16</u> <u>Estimated</u>	<u>2016-17</u> <u>Estimated</u>
Redevelopment Assistance Projects					
Projects Currently Authorized					
Acquisition and Construction.....	\$ 348,657	\$ 323,801	\$ 283,099	\$ 223,097	\$ 179,153
TOTAL - COMMUNITY AND ECONOMIC DEVELOPMENT.....	<u>\$ 464,698</u>	<u>\$ 435,037</u>	<u>\$ 398,024</u>	<u>\$ 327,336</u>	<u>\$ 255,202</u>
Corrections					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 233,854	\$ 156,448	\$ 50,666	\$ 42,791	\$ 45,611
Furniture and Equipment.....	30	0	0	0	0
Projects in 2012-13 Budget					
Buildings and Structures.....	538	4,838	8,064	8,064	8,064
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2013-17)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - CORRECTIONS.....	<u>\$ 234,422</u>	<u>\$ 161,286</u>	<u>\$ 58,730</u>	<u>\$ 50,855</u>	<u>\$ 53,675</u>
Education					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 325,662	\$ 319,746	\$ 326,808	\$ 270,760	\$ 145,615
Furniture and Equipment.....	9,856	0	0	0	0
Projects in 2012-13 Budget					
Buildings and Structures.....	2,590	23,306	38,843	38,843	38,843
Furniture and Equipment.....	10,775	32,325	0	0	0
Future Projects (2013-17)					
Buildings and Structures.....	0	1,361	13,812	36,037	73,320
Furniture and Equipment.....	0	0	0	0	0
TOTAL - EDUCATION.....	<u>\$ 348,883</u>	<u>\$ 376,738</u>	<u>\$ 379,463</u>	<u>\$ 345,640</u>	<u>\$ 257,778</u>
Emergency Management Agency					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 4,510	\$ 3,310	\$ 3,513	\$ 3,861	\$ 4,182
Furniture and Equipment.....	0	0	0	0	0
Projects in 2012-13 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2013-17)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - EMERGENCY MANAGEMENT AND HOMELAND SECURITY.....	<u>\$ 4,510</u>	<u>\$ 3,310</u>	<u>\$ 3,513</u>	<u>\$ 3,861</u>	<u>\$ 4,182</u>

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2012-13</u> <u>Estimated</u>	<u>2013-14</u> <u>Estimated</u>	<u>2014-15</u> <u>Estimated</u>	<u>2015-16</u> <u>Estimated</u>	<u>2016-17</u> <u>Estimated</u>
Environmental Protection					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 16,009	\$ 14,938	\$ 15,217	\$ 12,236	\$ 5,758
Furniture and Equipment.....	0	0	0	0	0
Projects in 2012-13 Budget					
Buildings and Structures.....	537	4,834	8,057	8,057	8,057
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2013-17)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Subtotal	<u>\$ 16,546</u>	<u>\$ 19,772</u>	<u>\$ 23,274</u>	<u>\$ 20,293</u>	<u>\$ 13,815</u>
Flood Control Projects					
Projects Currently Authorized					
Structures and Improvements.....	\$ 8,332	\$ 14,034	\$ 14,179	\$ 14,001	\$ 5,555
Projects in 2012-13 Budget					
Structures and Improvements.....	0	5,481	5,481	9,135	9,135
Future Projects (2013-17)					
Structures and Improvements.....	0	0	8,000	18,037	22,253
Subtotal	<u>\$ 8,332</u>	<u>\$ 19,515</u>	<u>\$ 27,660</u>	<u>\$ 41,172</u>	<u>\$ 36,943</u>
TOTAL - ENVIRONMENTAL PROTECTION.....	<u>\$ 24,878</u>	<u>\$ 39,287</u>	<u>\$ 50,934</u>	<u>\$ 61,465</u>	<u>\$ 50,758</u>
Fish and Boat Commission					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 18,818	\$ 15,229	\$ 11,394	\$ 4,617	\$ 5,000
Furniture and Equipment.....	0	0	0	0	0
Projects in 2012-13 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2013-17)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - FISH AND BOAT COMMISSION.....	<u>\$ 18,818</u>	<u>\$ 15,229</u>	<u>\$ 11,394</u>	<u>\$ 4,617</u>	<u>\$ 5,000</u>
Game Commission					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 1,210	\$ 1,022	\$ 89	\$ 98	\$ 106
Furniture and Equipment.....	0	0	0	0	0
Projects in 2012-13 Budget					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2013-17)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - GAME COMMISSION.....	<u>\$ 1,210</u>	<u>\$ 1,022</u>	<u>\$ 89</u>	<u>\$ 98</u>	<u>\$ 106</u>

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2012-13</u> Estimated	<u>2013-14</u> Estimated	<u>2014-15</u> Estimated	<u>2015-16</u> Estimated	<u>2016-17</u> Estimated
General Services					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 155,154	\$ 77,473	\$ 64,850	\$ 187,463	\$ 61,205
Furniture and Equipment.....	57	2,053	684	0	0
Projects in 2012-13 Budget					
Buildings and Structures.....	59	527	878	878	878
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2013-17)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - GENERAL SERVICES.....	<u>\$ 155,270</u>	<u>\$ 80,053</u>	<u>\$ 66,412</u>	<u>\$ 188,341</u>	<u>\$ 62,083</u>
Historical and Museum Commission					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 13,350	\$ 12,429	\$ 9,040	\$ 8,777	\$ 7,574
Furniture and Equipment.....	0	113	38	0	0
Projects in 2012-13 Budget					
Buildings and Structures.....	316	2,840	4,734	4,734	4,734
Furniture and Equipment.....	960	3,040	0	0	0
Future Projects (2013-17)					
Buildings and Structures.....	0	383	3,829	9,671	20,114
Furniture and Equipment.....	0	0	0	0	0
TOTAL - HISTORICAL AND MUSEUM	<u>\$ 14,626</u>	<u>\$ 18,805</u>	<u>\$ 17,641</u>	<u>\$ 23,182</u>	<u>\$ 32,422</u>
Military and Veterans Affairs					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 22,540	\$ 19,741	\$ 8,497	\$ 8,132	\$ 6,798
Furniture and Equipment.....	5	1,630	543	0	0
Projects in 2012-13 Budget					
Buildings and Structures.....	964	8,679	14,465	14,465	14,465
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2013-17)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - MILITARY AND VETERANS AFFAIRS.....	<u>\$ 23,509</u>	<u>\$ 30,050</u>	<u>\$ 23,505</u>	<u>\$ 22,597</u>	<u>\$ 21,263</u>

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2012-13</u> Estimated	<u>2013-14</u> Estimated	<u>2014-15</u> Estimated	<u>2015-16</u> Estimated	<u>2016-17</u> Estimated
Public Welfare					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 7,299	\$ 5,980	\$ 6,238	\$ 6,093	\$ 5,325
Furniture and Equipment.....	0	0	0	0	0
Projects in 2012-13 Budget					
Buildings and Structures.....	358	3,222	5,370	5,370	5,370
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2013-17)					
Buildings and Structures.....	0	291	2,886	6,997	13,508
Furniture and Equipment.....	0	0	0	0	0
TOTAL - PUBLIC WELFARE.....	<u>\$ 7,657</u>	<u>\$ 9,493</u>	<u>\$ 14,494</u>	<u>\$ 18,460</u>	<u>\$ 24,203</u>
State Police					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 5,331	\$ 4,373	\$ 2,430	\$ 2,670	\$ 2,892
Furniture and Equipment.....	0	0	0	0	0
Projects in 2012-13 Budget					
Buildings and Structures.....	290	2,610	4,350	4,350	4,350
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2013-17)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
TOTAL - STATE POLICE	<u>\$ 5,621</u>	<u>\$ 6,983</u>	<u>\$ 6,780</u>	<u>\$ 7,020</u>	<u>\$ 7,242</u>
Transportation					
Public Improvement Projects					
Projects Currently Authorized					
Buildings and Structures.....	\$ 14,258	\$ 11,244	\$ 8,758	\$ 8,782	\$ 8,104
Furniture and Equipment.....	0	0	0	0	0
Projects in 2012-13 Budget					
Buildings and Structures.....	50	446	743	743	743
Furniture and Equipment.....	0	0	0	0	0
Future Projects (2013-17)					
Buildings and Structures.....	0	0	0	0	0
Furniture and Equipment.....	0	0	0	0	0
Subtotal.....	<u>\$ 14,308</u>	<u>\$ 11,690</u>	<u>\$ 9,501</u>	<u>\$ 9,525</u>	<u>\$ 8,847</u>
Transportation Assistance Projects					
Projects Currently Authorized					
Mass Transit, Rail and Air.....	\$ 175,000	\$ 142,000	\$ 108,500	\$ 65,250	\$ 63,250
Projects in 2012-13 Budget					
Mass Transit, Rail and Air.....	0	33,000	49,000	66,000	33,000
Future Projects (2013-17)					
Mass Transit, Rail and Air.....	0	0	17,500	43,750	78,750
Subtotal.....	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 175,000</u>	<u>\$ 175,000</u>
TOTAL - TRANSPORTATION.....	<u>\$ 189,308</u>	<u>\$ 186,690</u>	<u>\$ 184,501</u>	<u>\$ 184,525</u>	<u>\$ 183,847</u>

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	2012-13 Estimated	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
TOTAL - CAPITAL FACILITIES BOND FUNDS					
Public Improvement Projects					
Buildings and Structures.....	\$ 964,778	\$ 848,900	\$ 785,288	\$ 867,435	\$ 652,876
Furniture and Equipment.....	29,257	49,971	3,923	0	0
Redevelopment Assistance Projects					
Acquisition and Construction.....	348,657	323,801	283,099	223,097	179,153
Flood Control Projects					
Structures and Improvements.....	8,332	19,515	27,660	41,172	36,943
Transportation Assistance Projects.....					
Mass Transit, Rail and Air.....	175,000	175,000	175,000	175,000	175,000
TOTAL.....	<u>\$ 1,526,024</u>	<u>\$ 1,417,187</u>	<u>\$ 1,274,970</u>	<u>\$ 1,306,704</u>	<u>\$ 1,043,971</u>

CURRENT REVENUES

FISH AND BOAT FUND

Fish and Boat Commission

Public Improvement Projects					
Projects Currently Authorized.....	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Projects in 2012-13 Budget	0	0	0	0	0
Future Projects (2013-17)	0	0	0	0	0
TOTAL - FISH AND BOAT COMMISSION.....	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ 750</u>

KEYSTONE RECREATION, PARK AND CONSERVATION FUND

Conservation and Natural Resources

Keystone Recreation, Park and Conservation Projects - Acquisition, Improvements and Restoration.....					
Projects Currently Authorized.....	\$ 18,040	\$ 12,945	\$ 8,596	\$ 0	\$ 0
Projects in 2012-13 Budget	0	2,516	3,773	5,031	5,660
Future Projects (2013-17)	0	2,500	6,250	11,250	16,875
Subtotal.....	<u>\$ 18,040</u>	<u>\$ 17,961</u>	<u>\$ 18,619</u>	<u>\$ 16,281</u>	<u>\$ 22,535</u>

ENVIRONMENTAL STEWARDSHIP FUND

Conservation and Natural Resources

Environmental Stewardship Projects - Acquisition, Rehabilitation and Development					
Projects Currently Authorized.....	\$ 7,905	\$ 9,261	\$ 4,673	\$ 1,349	\$ 1,790
Projects in 2012-13 Budget	0	0	0	0	0
Future Projects (2013-17)	0	2,500	7,500	11,250	11,250
Subtotal.....	<u>\$ 7,905</u>	<u>\$ 11,761</u>	<u>\$ 12,173</u>	<u>\$ 12,599</u>	<u>\$ 13,040</u>
TOTAL - CONSERVATION AND NATURAL RESOURCES.....	<u>\$ 25,945</u>	<u>\$ 29,722</u>	<u>\$ 30,792</u>	<u>\$ 28,880</u>	<u>\$ 35,575</u>

MOTOR LICENSE FUND

Transportation

Highway and Bridge Projects					
Projects Currently Authorized.....	\$ 396,385	\$ 379,785	\$ 372,435	\$ 361,047	\$ 341,586
Projects in 2012-13 Budget	29	117	88	147	235
Future Projects (2013-17)	0	7,995	8,009	20,058	32,149
TOTAL - TRANSPORTATION.....	<u>\$ 396,414</u>	<u>\$ 387,897</u>	<u>\$ 380,532</u>	<u>\$ 381,252</u>	<u>\$ 373,970</u>

Capital Budget

Estimate of Capital Expenditures

(Dollar Amounts in Thousands)

	<u>2012-13</u> Estimated	<u>2013-14</u> Estimated	<u>2014-15</u> Estimated	<u>2015-16</u> Estimated	<u>2016-17</u> Estimated
TOTAL - CURRENT REVENUES					
Public Improvement Projects					
Fish and Boat Fund.....	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Acquisition, Improvement and Restoration Projects					
Keystone Recreation, Park and Conservation Fund.....	18,040	17,961	18,619	16,281	22,535
Acquisition, Rehabilitation and Development Projects					
Environmental Stewardship Fund.....	7,905	11,761	12,173	12,599	13,040
Highway and Bridge Projects					
Motor License Fund	396,414	387,897	380,532	381,252	373,970
TOTAL - CURRENT REVENUES.....	\$ 423,109	\$ 418,369	\$ 412,074	\$ 410,882	\$ 410,295
TOTAL - ALL STATE FUNDS.....	\$ 1,949,133	\$ 1,835,555	\$ 1,687,044	\$ 1,717,586	\$ 1,454,265

Totals may not add due to rounding.

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Commonwealth of Pennsylvania

Governor's Executive Budget

PUBLIC DEBT

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PUBLIC DEBT

This section presents data on the debt obligations of the commonwealth. Debt financing is used by the commonwealth to finance its capital programs, finance voter-approved bond referendums, and fund certain disaster relief programs. Most long-term financing by the commonwealth is provided by the issuance of general obligation debt. Appropriation-backed debt has been used in limited instances for capital purposes. Data on such debt is included in this presentation only in the calculation of the debt ratios shown.

The Commonwealth Constitution permits debt to be issued for (i) capital projects in approved capital budgets; (ii) purposes approved by voter referendum; and (iii) response to disasters. The following items are guidelines the commonwealth follows in executing its capital and other debt financing activities:

- Referenda to authorize additional debt should be submitted to the voters only for critical needs when sufficient other resources are not available.
 - The general obligation pledge of the commonwealth is the preferred source of security for commonwealth debt.
 - A moral obligation pledge of the commonwealth should not be given beyond those already given.
 - Revenue pledges are to be used only by independent agencies and authorities that cannot pledge the commonwealth's general obligation.
 - Lease revenue debt should be used only when budgetary restraints prohibit current revenue funding for assets that are infrequently obtained and do not meet capital project definitions.
 - Debt should be structured to mature within the useful life of the projects being financed.
 - All long-term financing should be sold by competitive bid.
 - Short-term borrowing should not comprise a majority of outstanding debt.
 - Debt service paid by the General Fund should not exceed five percent of revenues.
 - Capital projects addressing health, safety and public protection receive top priority for activation. New construction projects have the lowest priority.
 - Highway capital projects should be funded from current revenues of the Motor License Fund.
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DEBT AUTHORIZED, ISSUED AND OUTSTANDING

The following statement reflects the debt of the commonwealth as of December 31, 2011. Issues for which all authorized debt has been previously issued and for which said debt has been completely redeemed are not included. The Constitution permits capital budget debt to be issued without voter approval but subject to a debt limit. Except for debt issued for disaster recovery purposes, all other debt requires voter approval.

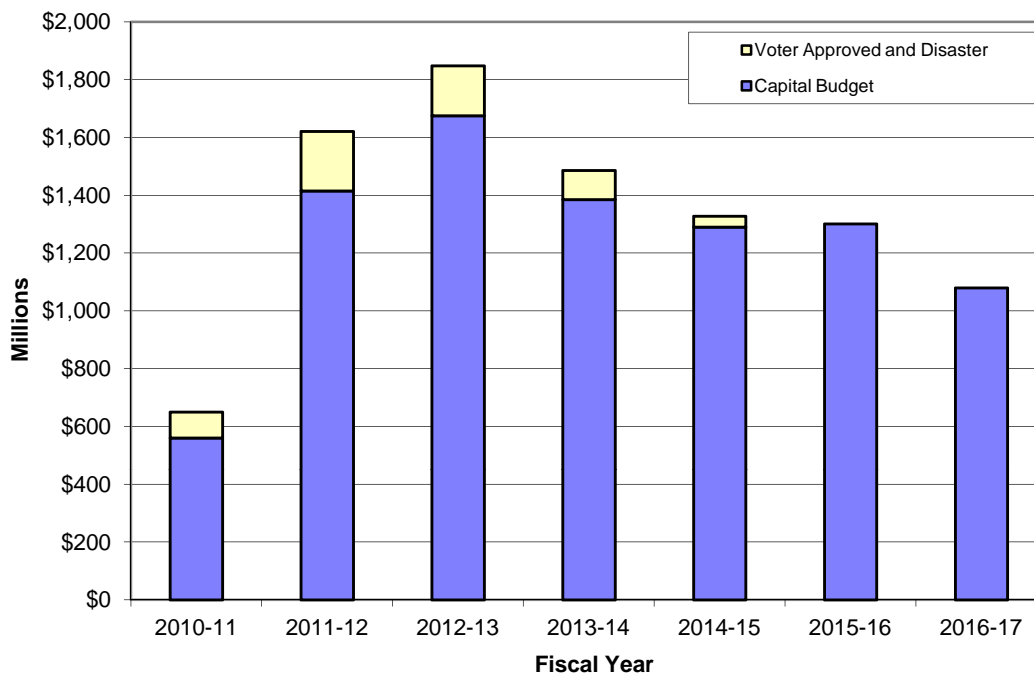
	(Dollar Amounts in Thousands)		
	Total Debt Authorized	Original Debt Issued	Debt Outstanding*
Debt Subject to Constitutional Limit			
Capital Budget.....	\$ 106,213,515	\$ 20,271,955	\$ 6,392,948
Capital Budget Refunding Bonds Outstanding.....			2,726,142
Less: Capital Debt Fund Balance.....			-12,025
Subtotal.....	<u>\$ 106,213,515</u>	<u>\$ 20,271,955</u>	<u>\$ 9,107,065</u>
Debt Not Subject to Constitutional Limit - Voter Approved and Disaster			
Disaster Relief.....	\$ 192,708	\$ 170,800	\$ 0
Disaster Relief 1996.....	110,000	26,000	0
Economic Revitalization.....	190,000	176,000	490
Land and Water Development.....	500,000	499,700	245
Vietnam Veterans' Compensation.....	65,000	62,000	0
Volunteer Companies Loan.....	100,000	50,000	80
Water Facilities - 1981 Referendum.....	300,000	288,500	1,790
PENNVEST- 1988 & 1992 Referenda.....	650,000	544,000	130,030
PENNVEST- 2008 Referendum.....	400,000	298,400	295,880
Agricultural Conservation Easement.....	100,000	100,000	650
Local Criminal Justice.....	200,000	197,000	3,575
Nursing Home Loans.....	100,000	69,000	0
Keystone Recreation, Park and Conservation.....	50,000	50,000	0
Water Supply and Wastewater Infrastructure.....	250,000	211,275	167,020
Growing Greener.....	625,000	504,000	405,000
Persian Gulf Conflict Veterans' Compensation.....	20,000	7,000	5,590
Refunding Bonds Outstanding.....			241,823
Less: Non-capital Sinking Fund Balances.....			-2,528
Subtotal.....	<u>\$ 3,852,708</u>	<u>\$ 3,253,675</u>	<u>\$ 1,249,645</u>
TOTAL.....	<u>\$ 110,066,223</u>	<u>\$ 23,525,630</u>	<u>\$ 10,356,710</u>

* Total of debt issued plus accreted interest on capital appreciation bonds less debt redeemed or refunded.

GENERAL OBLIGATION BOND ISSUES 2010-11 Through 2016-17

This table shows the projected amount of general obligation bonds of the commonwealth to be issued during the prior and current fiscal year and the subsequent five fiscal years based on current projects. Refunding bonds are not included in the data.

New General Obligation Bond Issues

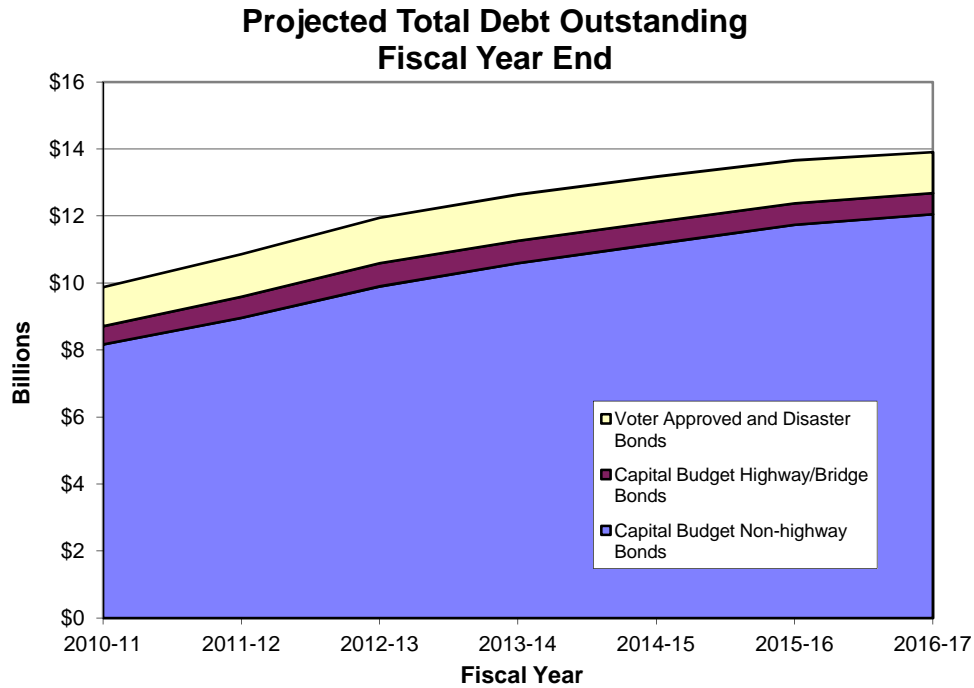


(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimated	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
General Obligation Bond Issues							
Capital Budget							
Buildings and Structures.....	\$ 255,975	\$ 780,000	\$ 995,000	\$ 825,000	\$ 800,000	\$ 845,000	\$ 660,000
Flood Control.....	0	0	0	20,000	33,000	55,000	55,000
Furnishings and Equipment.....	0	15,000	40,000	50,000	2,000	1,000	0
Redevelopment Assistance.....	100,750	385,000	345,000	315,000	280,000	225,000	190,000
Transportation Assistance.....	74,100	135,000	210,000	175,000	175,000	175,000	175,000
Bridge Projects.....	130,000	100,000	85,000	0	0	0	0
Subtotal.....	<u>\$ 560,825</u>	<u>\$ 1,415,000</u>	<u>\$ 1,675,000</u>	<u>\$ 1,385,000</u>	<u>\$ 1,290,000</u>	<u>\$ 1,301,000</u>	<u>\$ 1,080,000</u>
Voter Approved and Disaster							
Disaster Relief.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Local Criminal Justice.....	0	0	0	0	0	0	0
PENNVEST -- 1988, 1992 & 2008 Ref.....	49,400	196,000	111,000	50,000	0	0	0
Water and Wastewater Referendum.....	20,275	0	25,000	13,725	0	0	0
Growing Greener Referendum.....	19,500	10,000	37,000	37,000	37,000	0	0
Persian Gulf Conflict Veterans' Comp.....	0	0	0	0	0	0	0
Subtotal.....	<u>\$ 89,175</u>	<u>\$ 206,000</u>	<u>\$ 173,000</u>	<u>\$ 100,725</u>	<u>\$ 37,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL.....	<u><u>\$ 650,000</u></u>	<u><u>\$ 1,621,000</u></u>	<u><u>\$ 1,848,000</u></u>	<u><u>\$ 1,485,725</u></u>	<u><u>\$ 1,327,000</u></u>	<u><u>\$ 1,301,000</u></u>	<u><u>\$ 1,080,000</u></u>

GENERAL OBLIGATION DEBT OUTSTANDING 2010-11 Through 2016-17

Outstanding debt of the commonwealth is projected using the proposed bond issuance contained in this budget and encompasses all general obligation debt. Sinking fund balances are excluded. Only capital budget debt is subject to the constitutional debt limit [Article VIII, Section 7(a)(4)].

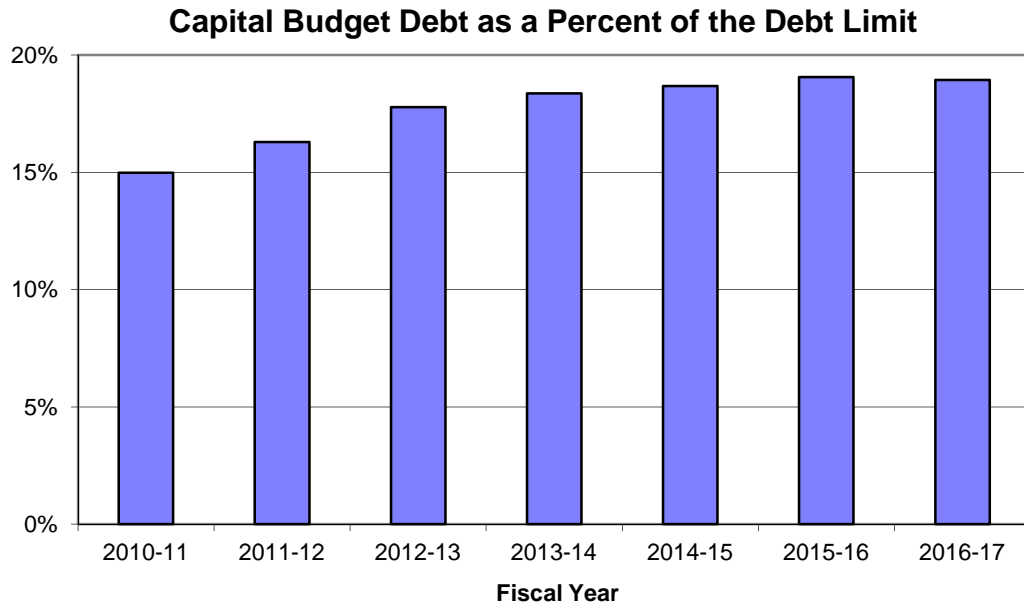


(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Estimated	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Fiscal Year End Debt Outstanding							
Capital Budget Non-highway Bonds.....	\$ 8,168,829	\$ 8,965,249	\$ 9,902,739	\$ 10,593,023	\$ 11,172,940	\$ 11,739,490	\$ 12,057,812
Capital Budget Highway/Bridge Bonds	547,348	624,731	690,297	672,194	656,878	641,714	625,884
Voter Approved and Disaster Bonds....	1,160,888	1,275,222	1,355,435	1,378,625	1,348,072	1,285,237	1,228,078
TOTAL.....	\$ 9,877,065	\$ 10,865,202	\$ 11,948,471	\$ 12,643,842	\$ 13,177,890	\$ 13,666,441	\$ 13,911,774

CONSTITUTIONAL DEBT LIMIT 2010-11 Through 2016-17

The state constitution limits outstanding capital budget debt to 1.75 times the average tax revenues during the previous five (5) fiscal years. Voter approved and disaster relief debt are not subject to the constitutional debt limit. The table and chart below present actual data for one fiscal year and current projections for six fiscal years.



(Dollar Amounts in Thousands)

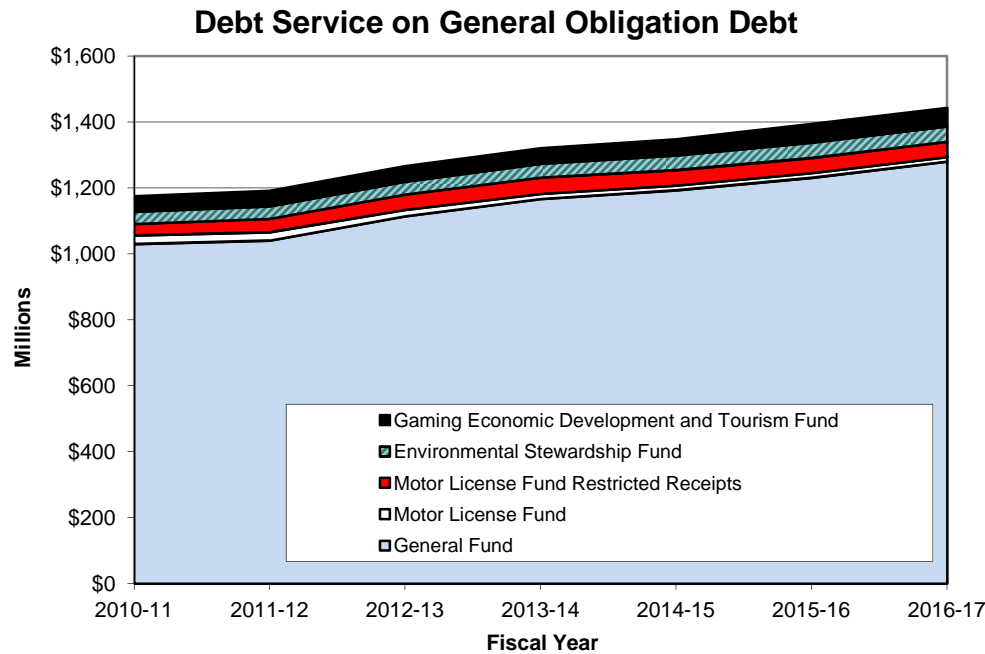
	2010-11 Actual	2011-12 Estimated	2012-13 Budget	2013-14 Estimated	2014-15 Estimated	2015-16 Estimated	2016-17 Estimated
Debt Limit Projection							
Capital Budget Debt Subject to Constitutional Debt Limit:							
Outstanding Debt							
Beginning of Fiscal Year.....	\$ 8,729,581	\$ 8,714,634	\$ 9,589,980	\$ 10,593,036	\$ 11,265,217	\$ 11,829,818	\$ 12,381,204
Debt to be Issued.....	560,825	1,415,000	1,675,000	1,385,000	1,290,000	1,301,000	1,080,000
Debt to be Retired*.....	-575,772	-539,654	-671,944	-712,819	-725,399	-749,614	-777,508
Outstanding Debt							
End of Fiscal Year**.....	<u>\$ 8,714,634</u>	<u>\$ 9,589,980</u>	<u>\$ 10,593,036</u>	<u>\$ 11,265,217</u>	<u>\$ 11,829,818</u>	<u>\$ 12,381,204</u>	<u>\$ 12,683,696</u>
Debt Limit (from below).....	58,160,309	58,855,513	59,579,199	61,336,972	63,331,223	64,974,488	66,985,366
Capital Budget Debt as a percent of Debt Limit.....	15.0%	16.3%	17.8%	18.4%	18.7%	19.1%	18.9%
Calculation of Debt Limit:							
Average Tax Revenues							
Previous Five Years.....	\$ 33,234,462	\$ 33,631,722	\$ 34,045,257	\$ 35,049,698	\$ 36,189,270	\$ 37,128,279	\$ 38,277,352
Debt Limit (1.75 times revenues).....	<u>58,160,309</u>	<u>58,855,513</u>	<u>59,579,199</u>	<u>61,336,972</u>	<u>63,331,223</u>	<u>64,974,488</u>	<u>66,985,366</u>

* Net of interest accreting on capital appreciation bonds during fiscal year.

** 2010-11 amount is net of sinking fund balances.

DEBT SERVICE ON GENERAL OBLIGATION DEBT 2010-11 Through 2016-17

This table shows the estimated debt service payable by the commonwealth on currently outstanding general obligation bonds and on projected general obligation bond issues.

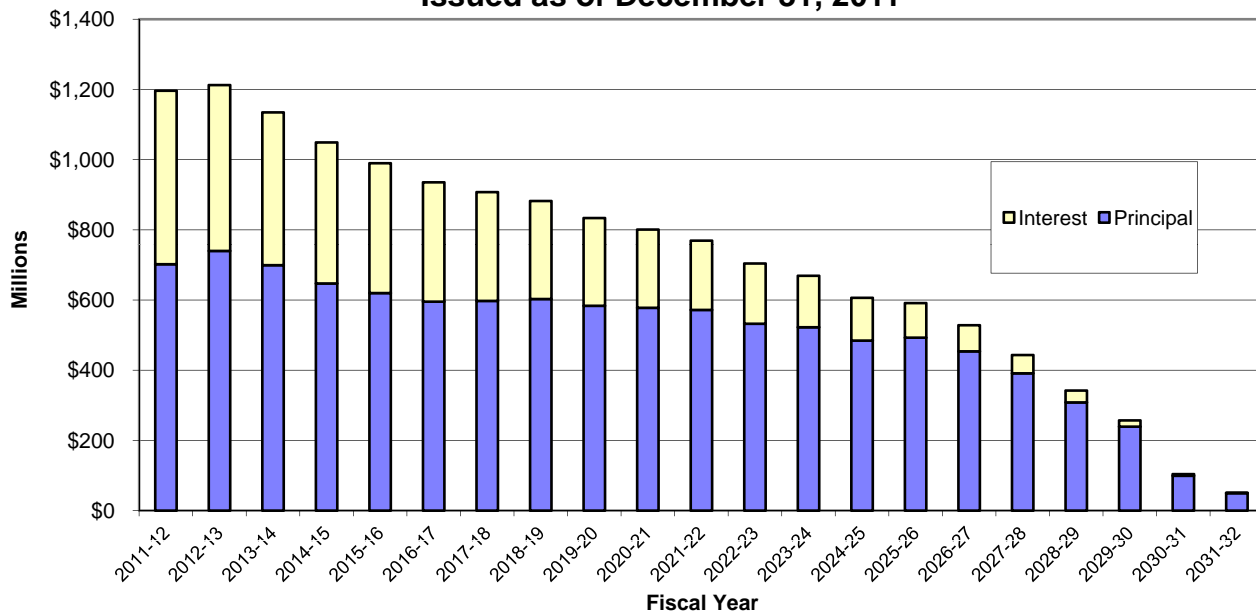


	(Dollar Amounts in Thousands)						
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
	Actual	Estimated	Budget	Estimated	Estimated	Estimated	Estimated
General Fund							
Capital Budget Non-Highway.....	\$ 919,982	\$ 928,724	\$ 999,435	\$ 1,068,317	\$ 1,107,684	\$ 1,154,561	\$ 1,211,939
Voter Approved and Disaster.....	110,472	112,246	114,898	98,435	85,834	76,756	68,268
Subtotal.....	<u>\$ 1,030,454</u>	<u>\$ 1,040,970</u>	<u>\$ 1,114,332</u>	<u>\$ 1,166,752</u>	<u>\$ 1,193,518</u>	<u>\$ 1,231,317</u>	<u>\$ 1,280,206</u>
Environmental Stewardship Fund							
Growing Greener II.....	\$ 37,170	\$ 37,988	\$ 38,881	\$ 41,474	\$ 44,196	\$ 46,624	\$ 46,530
Gaming Economic Development and Tourism Fund							
Pennsylvania Convention Center.....	\$ 46,987	\$ 47,413	\$ 47,413	\$ 47,413	\$ 49,729	\$ 56,675	\$ 56,675
Motor License Fund							
Capital Budget -- Highways.....	\$ 11,379	\$ 10,510	\$ 4,322	\$ 749	\$ 0	\$ 0	\$ 0
Capital Budget.....	14,883	14,883	14,800	14,800	14,142	14,142	14,060
Subtotal.....	<u>\$ 26,262</u>	<u>\$ 25,393</u>	<u>\$ 19,122</u>	<u>\$ 15,549</u>	<u>\$ 14,142</u>	<u>\$ 14,142</u>	<u>\$ 14,060</u>
Motor License Fund Restricted Rec.							
Aviation -- Capital Budget.....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Highway Bridge Improvement -- Cap. Bdgt....	34,388	40,044	46,817	49,647	46,876	46,068	46,072
Subtotal.....	<u>\$ 34,388</u>	<u>\$ 40,044</u>	<u>\$ 46,817</u>	<u>\$ 49,647</u>	<u>\$ 46,876</u>	<u>\$ 46,068</u>	<u>\$ 46,072</u>
TOTAL.....	<u>\$ 1,175,261</u>	<u>\$ 1,191,809</u>	<u>\$ 1,266,566</u>	<u>\$ 1,320,835</u>	<u>\$ 1,348,460</u>	<u>\$ 1,394,826</u>	<u>\$ 1,443,544</u>

ANNUAL DEBT SERVICE ON OUTSTANDING GENERAL OBLIGATION BONDS Bonds Issued as of December 31, 2011

Fiscal year principal and interest payments on general obligation bonds issued as of the end of calendar year 2011 are shown in the table below. Debt service on projected bond issues is excluded from this data.

Principal and Interest on Outstanding Bonds Issued as of December 31, 2011



General Obligation Bond Annual Debt Service

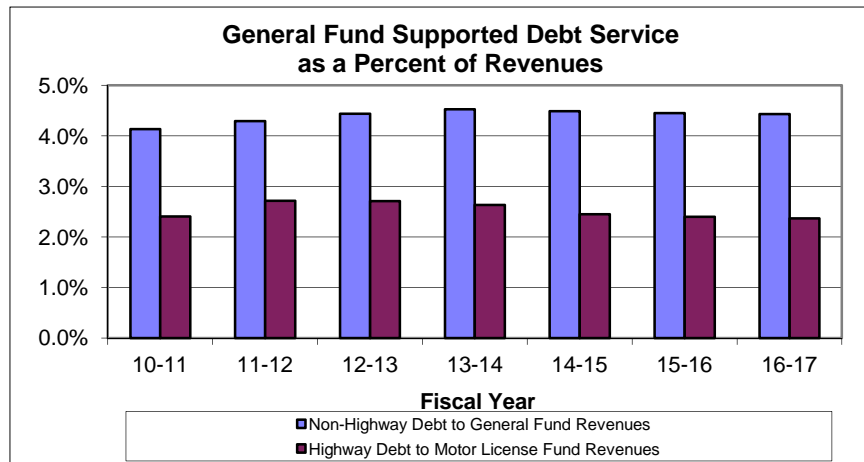
(Dollar Amounts in Thousands)

Fiscal Year	Capital Budget (Non-highway)			Capital Budget (Highway)			Voter Approved and Disaster			Grand Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	
2011-12	\$ 642,958	\$ 419,404	\$ 1,062,362	22,617	27,936	50,553	\$ 36,570	\$ 46,848	\$ 83,418	\$ 1,196,333
2012-13	680,494	398,257	1,078,751	15,941	26,545	42,486	43,525	47,740	91,265	1,212,502
2013-14	647,805	363,750	1,011,555	11,515	25,775	37,290	40,075	45,747	85,822	1,134,667
2014-15	597,055	332,723	929,778	8,490	25,283	33,773	41,730	43,812	85,542	1,049,093
2015-16	568,155	303,288	871,443	8,090	24,877	32,967	43,620	41,796	85,416	989,826
2016-17	541,115	276,002	817,117	8,500	24,472	32,972	45,765	39,622	85,387	935,476
2017-18	547,060	248,472	795,532	8,940	24,047	32,987	41,645	37,343	78,988	907,507
2018-19	563,130	220,133	783,263	9,385	23,600	32,985	30,445	35,481	65,926	882,174
2019-20	529,235	192,890	722,125	25,080	22,964	48,044	29,365	34,096	63,461	833,630
2020-21	503,390	168,653	672,043	26,230	21,811	48,041	48,345	32,423	80,768	800,852
2021-22	473,120	146,661	619,781	36,595	20,576	57,171	62,145	30,157	92,302	769,254
2022-23	422,050	125,727	547,777	38,330	18,840	57,170	72,110	27,047	99,157	704,104
2023-24	406,565	106,192	512,757	40,195	16,991	57,186	75,720	23,521	99,241	669,184
2024-25	362,905	87,064	449,969	42,220	15,026	57,246	79,345	19,846	99,191	606,406
2025-26	364,980	69,691	434,671	44,415	12,905	57,320	83,385	15,909	99,294	591,285
2026-27	329,045	52,120	381,165	46,745	10,619	57,364	78,015	11,756	89,771	528,300
2027-28	280,775	35,784	316,559	49,225	8,082	57,307	61,285	8,135	69,420	443,286
2028-29	212,955	22,955	235,910	51,890	5,409	57,299	43,485	5,478	48,963	342,172
2029-30	159,950	11,988	171,938	38,700	2,590	41,290	40,605	3,207	43,812	257,040
2030-31	64,820	3,273	68,093	14,245	417	14,662	20,250	1,002	21,252	104,007
2031-32	38,300	766	39,066	0	0	0	11,520	230	11,750	50,816

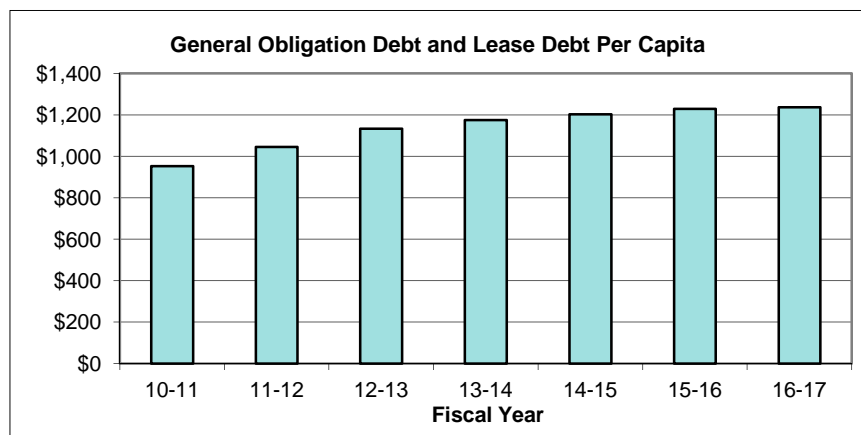
TRENDS IN DEBT SERVICE AND DEBT RATIOS 2010-11 Through 2016-17

The charts portray projections for indicators of the cost of projected annual debt service and the burden of projected debt outstanding. Debt service and outstanding debt includes general obligation debt and debt secured by lease rental payments or operating subsidies from various commonwealth departments.

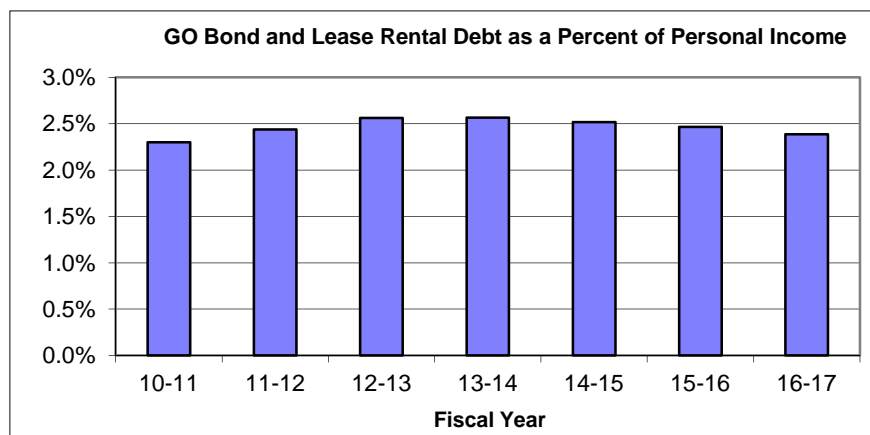
General Fund debt service as a percent of revenues remains below Standard & Poors criteria of 5% for issuers considered to have a "low debt burden."



Per capita debt levels remain relatively low, although the lack of population growth in the commonwealth affects per capita levels.



Growing personal income keeps the planned bond issuance affordable.



OUTSTANDING INDEBTEDNESS OF PENNSYLVANIA AGENCIES AND AUTHORITIES

The indebtedness of the following agencies and authorities is not an obligation of the Commonwealth of Pennsylvania but represents the debt of those agencies and authorities created by the Commonwealth for a public purpose. These obligations are not considered as debt under Article VIII of the State Constitution.

**Bonds and
Notes as of
12/31/11
(in millions)**

<p>Commonwealth Financing Authority Created to promote health, safety, employment, business opportunities, economic activity and the general welfare of the commonwealth. Debt service on the bonds is paid from revenues of the authority.</p>	\$ 1,420.2
<p>Delaware River Joint Toll Bridge Commission Created by Pennsylvania and New Jersey to construct, operate and maintain bridges crossing the upper Delaware River. Debt service on the bonds is paid from tolls and other revenues of the commission.</p>	0.0
<p>Delaware River Port Authority Created by Pennsylvania and New Jersey to control and operate bridges crossing the Delaware River, it may construct or acquire other bridges, tunnels and other projects for port improvement and development. The authority operates a rapid transit system, which it constructed. Debt service on the bonds is paid from tolls, fares, rents and other revenue of the authority.</p>	1,326.6
<p>Pennsylvania Economic Development Financing Authority Created to offer pooled bond issues of both taxable and tax-exempt bonds on behalf of local industrial and commercial development authorities for economic development projects. Debt service on the bonds is paid by loan interest and repayments and other authority revenues.</p>	2,843.6
<p>Pennsylvania Energy Development Authority Makes or guarantees loans for energy projects including the conversion and technological improvement of energy systems utilizing Pennsylvania coal or renewable energy resources. Debt service on the bonds is paid from the revenues of the authority.</p>	0.0
<p>Pennsylvania Higher Education Assistance Agency Makes or guarantees student loans for graduate and undergraduate programs to students or parents, lending institutions or postsecondary institutions. Debt service on the bonds is paid by loan interest and repayments and by other agency revenues.</p>	6,962.5
<p>Pennsylvania Higher Educational Facilities Authority Acquires, constructs, improves and leases (as lessor) college facilities and makes loans to colleges and universities within the commonwealth. Debt service on the bonds is paid from rentals and from loan repayments collected for the use of the facilities.</p>	6,649.8
<p>Pennsylvania Housing Finance Agency Makes construction and permanent mortgage loans to qualified borrowers for the purchase and construction of multi and single family housing for low and moderate income persons or families. Debt service on the bonds is paid from mortgage loan interest and repayments and further secured by a "moral obligation" of the Commonwealth.</p>	4,331.8
<p>Pennsylvania Industrial Development Authority Makes mortgage loans to local nonprofit industrial development agencies for the financing of industrial development projects. Debt service on the bonds is paid from loan interest and repayments and other authority revenues.</p>	318.7
<p>Pennsylvania Infrastructure Investment Authority Provides low interest rate loans and grants for constructing new and for improving existing water supply and sewage disposal systems. Loans and grants are available to local governments and, in certain circumstances, to private companies. The bonds are secured by principal repayments and interest payments on loans.</p>	7.5
<p>Pennsylvania Turnpike Commission Constructs, maintains and operates the Pennsylvania Turnpike. Debt service on the bonds is paid from tolls and other revenue sources of the commission.</p>	7,658.8
<p>Philadelphia Regional Port Authority Operates port facilities in Bucks and Delaware counties, and the City of Philadelphia. Debt service on the bonds is paid by a pledge of the authority's revenues, rentals and receipts.</p>	31.7
<p>State Public School Building Authority Constructs, improves, equips and makes loans to local school districts for school facilities. Debt service on the bonds is paid from rentals collected for the use of the facilities and from loan repayments.</p>	3,112.4
<p>TOTAL.....</p>	<p><u>\$ 34,663.6</u></p>



Commonwealth of Pennsylvania

Governor's Executive Budget

OTHER
SPECIAL FUNDS

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OTHER SPECIAL FUNDS

APPENDIX

This section provides brief descriptive and financial data for commonwealth funds not given an expanded treatment in other sections of the Governor's Budget. This information is presented to demonstrate the magnitude and complexity of the commonwealth's financial structure as well as give some details of the various funds.

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OTHER SPECIAL FUNDS

This appendix contains a brief presentation of all active commonwealth funds not given an expanded treatment in the other sections of the budget. In a limited number of cases certain expenditures from funds presented in this section are included in other presentations.

Generally, the commonwealth uses a modified cash basis of accounting for financial reporting where certain revenues are reported when collected and, for certain taxes, when accrued and expenditures are reported when disbursed or committed.

For the funds included in this section, all financial data shown herein is on a calculated cash basis. Receipts include only those items actually received and credited to the funds by the Department of Revenue. Several funds carrying long-term investments show an investment adjustment to reflect the current market value of those investments as of June 30. Disbursements are recorded at the time payment requisitions and invoices are posted to the commonwealth's accounting system and do not include commitments or encumbrances.

This format for displaying financial data was chosen for its simplicity and easy adaptability to all funds. As such, the data may not present the best statement of the funds' condition nor accurately describe the operating characteristics of the funds.

The cash beginning and ending balances reported through this format may differ from the actual cash balance in Treasury and/or the cash general ledger account in the commonwealth's accounting system due to timing differences, but the calculated cash balances reported provide an accurate reflection of the true cash position of the fund.

The vast majority of the commonwealth's day-to-day activities are financed from the General Fund; however, over time a large number of other funds have been created to more closely relate specific revenue sources to specific programs or to identify particular government programs or activities. These special funds are categorized into groups to aid in identifying their purpose. These groups are defined as follows:

Governmental Funds: Collectively these funds account for and report activities that are associated with routine, ordinary governmental functions and are financed largely by tax and grant revenues. The group includes the General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds.

Special Revenue Funds — These funds are used to account for revenues from specific taxes or other earmarked revenue sources, which by law are designated to finance particular functions or activities.

Capital Project Funds — Bond funds are used to account for the receipt and disbursement of bond sale proceeds that normally finance the construction or acquisition of designated fixed assets.

Debt Service Funds — These funds account for the accumulation of resources, principally from transfers from other funds, for the payment of general long-term debt principal and interest.

Proprietary Funds: Include Enterprise Funds and Internal Service Funds. Such funds account for and report activities the way a private business or industry would. They include such activities as sale of goods or services, and lending and other financing activities where purchasers or customers pay a charge or a user fee.

Enterprise Funds — These funds accommodate the operation of public service programs financed wholly or mostly by user charges, or where the periodic determination of net income is deemed appropriate.

Internal Service Funds — These funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the commonwealth, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Funds: These funds are used to account for assets held by the commonwealth as trustee or agent for individuals, private organizations and other government units.

Acid Mine Drainage Abatement and Treatment Fund

This fund was created in 1992 to receive money authorized by Title IV of the Federal Surface Mining Control and Reclamation Act. This fund receives up to ten percent of the commonwealth's federal Title IV grant for abandoned mine reclamation. Funds are used for acid mine drainage abatement and treatment.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 16,758	\$ 24,330	\$ 24,227
Receipts:			
Federal Receipts.....	\$ 14,421	\$ 6,270	\$ 19,000
Interest.....	2,329	280	280
Total Receipts	16,750	6,550	19,280
Total Funds Available	\$ 33,508	\$ 30,880	\$ 43,507
Disbursements:			
Environmental Protection.....	\$ 9,178	\$ 6,653	\$ 4,878
Total Disbursements	-9,178	-6,653	-4,878
Cash Balance, Ending	\$ 24,330	\$ 24,227	\$ 38,629

Administration Fund

This fund was created for the administrative costs associated with the Unemployment Compensation Law and the state system of public employment offices (Office of Employment Security). While the fund can receive funds from any source, the majority of revenue results from moneys requisitioned from the commonwealth's account in the Federal Unemployment Trust Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 2,203	\$ 407	\$ 2,546
Receipts:			
Federal Unemployment Trust Fund.....	\$ 279,323	\$ 283,022	\$ 275,000
Federal — Other Funds.....	7,727	5,925	3,000
Interest	9	8	8
Other.....	791	450	450
Total Receipts	287,850	289,405	278,458
Total Funds Available	\$ 290,053	\$ 289,812	\$ 281,004
Disbursements:			
Labor and Industry.....	\$ 289,646	\$ 287,266	\$ 278,364
Total Disbursements	-289,646	-287,266	-278,364
Cash Balance, Ending	\$ 407	\$ 2,546	\$ 2,640

Agricultural College Land Scrip Fund

This fund was established in 1862 with \$500,000 received from the sale of lands and scrip which was donated to the commonwealth by an Act of Congress to establish a college for the benefit of Agriculture and the Mechanical Arts. The income derived from the investment of the monies in the fund plus appropriations which may be made from time to time by the General Assembly serve as revenue to the fund. Monies in this fund can be disbursed only for use by the officially designated land grant college (Pennsylvania State University) for the benefit of Agriculture and Mechanical Arts. Act 26 of 2011 established a restricted revenue account in the Fund for the Department of Agriculture. This budget proposes a transfer of \$44.737 million from the PA Racehorse Development Fund in FY2012-13.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 621	\$ 622	\$ 628
Receipts:			
Transfer from General Fund.....	0	44,737	0
Transfer from Pa Racehorse Development Fund.....	0	0	44,737
Interest.....	\$ 83	\$ 6	\$ 6
Total Receipts.....	<u>83</u>	<u>44,743</u>	<u>44,743</u>
Total Funds Available	\$ 704	\$ 45,365	\$ 45,371
Disbursements:			
Agriculture.....	0	44,737	44,737
Treasury.....	\$ 82	\$ 0	\$ 0
Total Disbursements.....	<u>-82</u>	<u>-44,737</u>	<u>-44,737</u>
Cash Balance, Ending	\$ 622	\$ 628	\$ 634

Agricultural Conservation Easement Purchase Fund

This fund was created by Act 64 of 1988 to implement the referendum approved by the electorate November 8, 1988. That referendum authorized the commonwealth to incur indebtedness of \$100 million to be used for farmland preservation through the purchase of agricultural conservation easements. Act 23 of 1992 increased the annual ceiling on easement purchases from bond sales from \$20 to \$25 million. All bonds authorized have been issued.

Act 89 of 2002 changed the annual transfer of cigarette tax revenues from the first two thirty-firsts of the cigarette tax to \$20,485,000 to be made in two equal payments by July 15th and January 15th. Act 15 of 1999 created a supplemental program for farmland preservation. Beginning in 2005-06 the program receives a set percentage (14.8%) of the Environmental Stewardship Fund for the continued purchase of agricultural easements.

Act 46 of 2006 provided up to \$200,000 can be used to offset local conservation organizations for incidental costs related to easement purchases. Up to ten percent of these funds also may be used by the Department of Agriculture for administrative expenses incurred under this act.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning.....	\$ 4,851	\$ 5,344	\$ 2,458
Receipts:			
Transfer of Cigarette Tax.....	\$ 20,485	\$ 20,485	\$ 0
Transfer from Growing Greener Bond Fund.....	0	0	20,485
Transfer from the Environmental Stewardship Fund.....	4,529	4,982	2,621
Interest.....	606	41	41
Other.....	0	350	350
Total Receipts.....	<u>25,620</u>	<u>25,858</u>	<u>23,497</u>
Total Funds Available.....	\$ 30,471	\$ 31,202	\$ 25,955
Disbursements:			
Agriculture.....	\$ 25,127	\$ 28,744	\$ 25,000
Total Disbursements.....	<u>-25,127</u>	<u>-28,744</u>	<u>-25,000</u>
Cash Balance, Ending.....	\$ 5,344	\$ 2,458	\$ 955

Agricultural Conservation Easement Purchase Sinking Fund

Payment of interest and principal due on outstanding agricultural conservation easement purchase bonds is made from this fund. Revenues of this fund come from the annual appropriation from the General Fund for general obligation debt service.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 672	\$ 670	\$ 671
Accrued Interest on Bonds Sold.....	0	0	0
Total Receipts	<u>672</u>	<u>670</u>	<u>671</u>
Total Funds Available	<u>\$ 672</u>	<u>\$ 670</u>	<u>\$ 671</u>
Disbursements:			
Treasury.....	\$ 672	\$ 670	\$ 671
Total Disbursements	<u>-672</u>	<u>-670</u>	<u>-671</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Anthracite Emergency Bond Fund

This fund was created by Act 171 of 1986 to provide loans for anthracite underground mine operators who cannot obtain necessary bonding or whose bonding has been cancelled due to insolvency or bankruptcy of the original bonding company. Revenues are provided by appropriation from the General Fund, a fee for each ton of coal estimated by certain mine operations and payments made by operators in lieu of a bond. Act 173 of 1992 extended the program to anthracite surface mine operators.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 486	\$ 549	\$ 300
Receipts:			
Operator Payments.....	\$ 0	\$ 0	\$ 0
Interest	63	1	1
Total Receipts	<u>63</u>	<u>1</u>	<u>1</u>
Total Funds Available	<u>\$ 549</u>	<u>\$ 550</u>	<u>\$ 301</u>
Disbursements:			
Environmental Protection	\$ 0	\$ 250	\$ 250
Total Disbursements	<u>0</u>	<u>-250</u>	<u>-250</u>
Cash Balance, Ending	<u>\$ 549</u>	<u>\$ 300</u>	<u>\$ 51</u>

Automobile Theft Prevention Trust Fund

The Automobile Theft Prevention Trust Fund was created by Act 171 of 1994. The purpose of the fund is to finance programs in the commonwealth to prevent, combat and reduce automobile theft and to improve and support automobile theft prosecutions. Revenue to the fund consists of assessments on the insurance companies that conduct business in the commonwealth, interest earnings, and fines and penalties.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 1,671	\$ 15	\$ 5
Receipts:			
Assessments.....	\$ 6,272	\$ 6,476	\$ 6,648
Interest	5	2	2
Total Receipts	<u>6,277</u>	<u>6,478</u>	<u>6,650</u>
Total Funds Available	\$ 7,948	\$ 6,493	\$ 6,655
Disbursements:			
Automobile Theft Prevention Authority.....	\$ 7,933	\$ 6,488	\$ 6,650
Total Disbursements	<u>-7,933</u>	<u>-6,488</u>	<u>-6,650</u>
Cash Balance, Ending	<u>15</u>	<u>5</u>	<u>5</u>

Ben Franklin Technology Development Authority Fund

Act 38 of 2001 created the Ben Franklin Technology Development Authority Fund. This fund merges the activities of the Ben Franklin Partnership and the Pennsylvania Technology Development Authority (PTIA) under one authority. The Ben Franklin component assists small and medium sized technology, research and start-up companies to do applied research and development projects and to develop and introduce new products and processes. PTIA provides high-tech financing to small and medium-sized businesses; stimulates the adoption and expansion of electronic commerce; and coordinates and expands university-based research and development in high-tech fields. Revenue to the fund includes annual transfers from the General Fund, loan repayments and interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 31,291	\$ 24,507	\$ 14,941
Receipts:			
Transfer from General Fund.....	\$ 16,861	\$ 14,500	\$ 14,500
Transfer from Commonwealth Financing			
Authority - Energy.....	13,000	14,000	0
Federal Funds.....	0	2,000	0
Interest on Loans.....	444	8,885	1,500
Loan Repayments.....	474	130	750
Interest.....	3,721	59	65
Other.....	74	54	100
Total Receipts	<u>34,574</u>	<u>39,628</u>	<u>16,915</u>
Total Funds Available	\$ 65,865	\$ 64,135	\$ 31,856
Disbursements:			
Community and Economic Development			
Administration.....	\$ 426	\$ 642	\$ 426
Loans.....	553	834	500
Grants.....	40,379	47,718	22,074
Total Disbursements	<u>-41,358</u>	<u>-49,194</u>	<u>-23,000</u>
Cash Balance, Ending	<u>24,507</u>	<u>14,941</u>	<u>8,856</u>

Benefit Completion Fund

This fund was created in 2003 to accumulate reserves for the payment of pensions to eligible former state employees with a statutory benefit entitlement under the State Employees' Retirement Code that exceeds the limits of Section 415(b) of the Internal Revenue Code (IRC). Reserves in this fund will be disbursed to members of the retirement system in accordance with the provision of IRC Section 415(m).

The fund receives revenue from employer contributions and interest income. Employer contributions are an actuarially determined percentage of payroll sufficient to fund the benefit payments of the forthcoming calendar year and the on-going expenses to administer the plan. Management of the fund and payment of benefits is overseen by the State Employees' Retirement Board.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 6,876	\$ 5,886	\$ 4,939
Receipts:			
Employer Contributions	\$ 420	\$ 586	\$ 592
Interest.....	18	13	13
Total Receipts	438	599	605
Total Funds Available	\$ 7,314	\$ 6,485	\$ 5,544
Disbursements:			
State Employees' Retirement System.....	\$ 1,428	\$ 1,546	\$ 1,630
Total Disbursements.....	-1,428	-1,546	-1,630
Cash Balance, Ending	\$ 5,886	\$ 4,939	\$ 3,914

Broadband Outreach and Aggregation Fund

Act 183 of 2004 established the Broadband Outreach and Aggregation Fund to fund grants and outreach programs with the ultimate purpose of increasing broadband access in unserved or underserved areas. Deposits to the fund include assessments levied and collected by the Public Utility Commission on certain local exchange telecommunications companies. Up to three percent of annual proceeds can be used by the agency for administrative costs. The total amount of the fund shall not exceed \$5 million annually.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 3,872	\$ 3,771	\$ 1,672
Receipts:			
Transfer from PUC.....	\$ 926	\$ 100	\$ 100
Interest.....	10	9	9
Other.....	2	0	0
Total Receipts	938	109	109
Total Funds Available	\$ 4,810	\$ 3,880	\$ 1,781
Disbursements:			
Community and Economic Development.....	\$ 1,039	\$ 2,208	\$ 500
Total Disbursements	-1,039	-2,208	-500
Cash Balance, Ending	\$ 3,771	\$ 1,672	\$ 1,281

Budget Stabilization Reserve Fund

This fund was created on July 15, 2002 by Act 91 of 2002 to replace the Tax Stabilization Reserve Fund. The fund provides financial assistance to minimize future revenue shortfalls and deficits, and promote greater continuity and predictability in the funding of vital government services. It minimizes the need to increase taxes to balance the budget of the commonwealth during periods of economic distress. Act 91 provides revenue through an annual transfer of twenty-five percent of the General Fund's fiscal year ending surplus. If the fund's ending balance would equal or exceed six percent of actual General Fund revenues for the fiscal year in which the surplus occurs, the General Fund transfer would be reduced to ten percent. Act 53 of 2008 suspended the transfer of surplus funds for 2007-08. Act 50 of 2009 transferred \$755 million to the General Fund in 2009-10. Act 46 of 2010 transferred \$745,000 to the General Fund in 2010-11. Act 26 of 2011 suspended the transfer of surplus funds for 2010-11. This budget proposes the suspension of the surplus funds transfer for FY 2011-12.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 740	\$ 61	\$ 61
Receipts:			
Transfer from General Fund.....	\$ 0	\$ 0	\$ 0
Interest	66	0	1
Total Receipts	66	0	1
Total Funds Available	\$ 806	\$ 61	\$ 62
Disbursements:			
Transfer to General Fund.....	\$ 745	\$ 0	\$ 0
Total Disbursements	-745	0	0
Cash Balance, Ending	\$ 61	\$ 61	\$ 62

Capital Debt Fund

Principal and interest payments on bonds issued for purposes of capital budget projects are paid from this fund. Annual appropriations from various funds for payment of interest and principal due on general obligation bonds is the primary source of revenue. Funds in the excess of interest and principal falling due in any one particular fiscal year may be used by the Board of Finance and Revenue to retire any other general obligation bonds issued to provide revenue to the Capital Facilities Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 31,131	\$ 1,543	\$ 24,968
Receipts:			
Transfer from Other Funds.....	\$ 1,049,927	\$ 1,108,658	\$ 1,163,333
Rentals - State-Aided and State-Related Institutions.....	44	0	0
Interest Subsidy - Higher Education Construction Projects.....	0	0	0
Sale of Bonds- Bond Anticipation Notes Payment.....	0	0	0
Refunding Bond Maturing Escrow Funds.....	469,579	826,874	536,198
Accrued Interest on Bonds Sold.....	0	0	0
Build America Bond Federal Subsidies.....	20,187	29,424	28,892
Sale of State Property.....	246	0	0
Interest on Securities.....	15	0	0
Total Receipts	1,539,998	1,964,956	1,728,423
Total Funds Available	\$ 1,571,129	\$ 1,966,499	\$ 1,753,391
Disbursements:			
Treasury.....	\$ 1,569,586	\$ 1,941,531	\$ 1,728,423
Total Disbursements	-1,569,586	-1,941,531	-1,728,423
Cash Balance, Ending	\$ 1,543	\$ 24,968	\$ 24,968

Capital Facilities Fund

This fund is used to meet the financial costs of capital projects authorized by capital budget acts. Revenue for this fund comes principally from the sale of general obligation debt and interest earnings. Debt issued for this fund is subject to a debt limit equal to one and three quarter times the average of annual tax revenues in the preceding five fiscal years. This fund has at least one account for each category of capital projects. Interest earned on investment or deposit of monies in the fund is credited to the account in the fund to which such invested or deposited money was originally credited.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 828,923	\$ 132,320	\$ 153,415
Receipts:			
Sale of Bonds.....	\$ 560,825	\$ 1,463,544	\$ 1,658,250
Premium on Sale of Bonds.....	18,195	0	0
Intra Account Transfer.....	0	0	0
Interest on Securities.....	1,641	11,001	13,562
Other	59,110	9,941	20,000
Total Receipts	639,771	1,484,486	1,691,812
Total Funds Available	\$ 1,468,694	\$ 1,616,806	\$ 1,845,227
Disbursements:			
Community and Economic Development.....	\$ 334,636	\$ 319,369	\$ 350,382
Environmental Protection.....	67	100	8,332
Conservation & Natural Resources.....	8,648	0	0
General Services.....	652,571	776,571	999,210
Transportation.....	336,225	364,189	257,475
Treasury.....	426	0	0
Other.....	3,801	3,162	3,000
Total Disbursements	-1,336,374	-1,463,391	-1,618,399
Cash Balance, Ending	\$ 132,320	\$ 153,415	\$ 226,828

Capitol Restoration Trust Fund

This fund was created by Act 327 of 1982 to finance the maintenance, restoration, preservation and rehabilitation of artifacts, documents and other historical objects or resources located within and around or associated with the State Capitol Building, and the acquisition of artifacts, documents and other historical objects or resources which contribute to the historical significance of the State Capitol Building. This fund is administered by the Capitol Preservation Committee. Revenue is derived from gifts, donations and legacies of money from individuals, organizations, public or private corporations, and from the sale of commemorative medals and other items of a similar nature which promote the historic preservation and restoration of the State Capitol Building.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 374	\$ 408	\$ 373
Receipts:			
Contribution & Sales.....	\$ 72	\$ 5	\$ 10
Interest.....	42	1	0
Total Receipts	114	6	10
Total Funds Available	\$ 488	\$ 414	\$ 383
Disbursements:			
Capitol Preservation Committee.....	\$ 80	\$ 41	\$ 50
Total Disbursements	-80	-41	-50
Cash Balance, Ending	\$ 408	\$ 373	\$ 333

Catastrophic Loss Benefits Continuation Fund

This fund was established by Act 24 of 1989 to replace the Catastrophic Loss Trust Fund. The purpose of the Catastrophic Loss Benefits Continuation Fund (CAT fund) is to pay all medical claims owed by the Catastrophic Loss Trust Fund. Monies in the former Catastrophic Loss Trust Fund were transferred to this fund effective July 1, 1989.

Act 13 of 2002 established the Medical Care Availability and Reduction of Error (Mcare) Fund and mandated that all surcharges levied and collected under the CAT fund be remitted to the Mcare Fund beginning in January 2004. Act 50 of 2009 redirected the surcharge to the General Fund for 2009-10 and 2010-11. Act 26 of 2011 redirects the surcharge to the General Fund for 2011-12 and for each fiscal year thereafter.

This fund will continue to pay claimants from its balance and interest earnings until no further obligations exist. The most recent actuarial report estimates final expenditure in 2088.

No obligation or expense of, or claim against, the fund constitutes a debt of the commonwealth or a charge against the General Fund or the Motor License Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 94,115	\$ 98,348	\$ 94,154
Receipts:			
Interest	\$ 11,424	\$ 2,358	\$ 2,358
Miscellaneous Revenue	-401	0	0
Total Receipts	11,023	2,358	2,358
Total Funds Available	\$ 105,138	\$ 100,706	\$ 96,512
Disbursements:			
Insurance	\$ 6,790	\$ 6,552	\$ 6,565
Total Disbursements	-6,790	-6,552	-6,565
Cash Balance, Ending	\$ 98,348	\$ 94,154	\$ 89,947

Children's Trust Fund

Act 151 of 1988 created the Children's Trust Fund. Revenue is generated by a \$10 surcharge on marriage licenses and divorce applications. Expenditures are for community-based children's programs and services to prevent child abuse and neglect.

Statement of Cash Receipts and Disbursement

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 1,140	\$ 1,819	\$ 1,556
Receipts:			
Marriage/Divorce Surcharge	\$ 1,092	\$ 1,150	\$ 1,150
Interest	118	5	5
Total Receipts	1,210	1,155	1,155
Total Funds Available	\$ 2,350	\$ 2,974	\$ 2,711
Disbursements:			
Public Welfare	\$ 531	\$ 1,418	\$ 1,300
Total Disbursements	-531	-1,418	-1,300
Cash Balance, Ending	\$ 1,819	\$ 1,556	\$ 1,411

Cigarette Fire Safety and Firefighter Protection Act Enforcement Fund

On July 4, 2008 the Governor signed Act 42. It provides for cigarette fire safety, for certification of compliance by manufacturers, for package markings, and for enforcement and penalties. Certification fees are collected by the Department of Revenue at a rate of \$1,000.00 per brand family and \$500.00 for each additional listing within a brand family. Penalties are charged for specified violations. The Attorney General's Office enforces the act.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 192	\$ 217	\$ 297
Receipts:			
Fees.....	\$ 24	\$ 129	\$ 19
Interest.....	1	1	1
Penalties.....	0	0	0
Total Receipts	25	130	20
Total Funds Available	\$ 217	\$ 347	\$ 317
Disbursements:			
Attorney General.....	\$ 0	\$ 50	\$ 50
Revenue.....	0	0	0
Total Disbursements	0	-50	-50
Cash Balance, Ending	\$ 217	\$ 297	\$ 267

Clean Air Fund

This fund was created to meet the provisions of Act 787 of 1959, as amended by Act 95 of 1992, to finance the attainment of air quality standards, the administration of the rules and regulations promulgated under these acts, the reduction of interstate air pollution transport and a program to assist businesses in meeting emission standards. Fines, civil penalties and fees from air pollution emitters, as well as appropriations from the General Assembly, federal or local governments and interest earnings are deposited in this fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 56,506	\$ 58,966	\$ 47,154
Receipts:			
Fines and Penalties.....	\$ 2,444	\$ 2,000	\$ 2,000
Fees.....	17,435	16,250	16,250
Interest.....	6,744	1,000	1,000
Other.....	48	7	50
Total Receipts	<u>26,671</u>	<u>19,257</u>	<u>19,300</u>
Total Funds Available	\$ 83,177	\$ 78,223	\$ 66,454
Disbursements:			
Environmental Protection	\$ 24,211	\$ 31,069	\$ 28,662
Total Disbursements	<u>-24,211</u>	<u>-31,069</u>	<u>-28,662</u>
Cash Balance, Ending	<u>\$ 58,966</u>	<u>\$ 47,154</u>	<u>\$ 37,792</u>

Coal and Clay Mine Subsidence Insurance Fund

This fund was created by Act 484 of 1961 to provide insurance to home owners in mining areas against damages resulting from subsidence. Revenue is derived from premiums paid by policyholders for subsidence insurance. Act 155 of 2002 updated this insurance program by further defining and establishing coverage by insurance providers, and requiring the Department of Environmental Protection to prepare an annual report on the program and insurance sales. Disbursements are used to cover the payment of insurance claims and commissions to insurance agents who forward insurance applications as outlined in Act 155. A sufficient balance in the fund must be maintained to provide adequate protection for the solvency of the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 75,115	\$ 86,591	\$ 87,764
Receipts:			
Premiums Collected.....	\$ 4,773	\$ 5,000	\$ 5,000
Interest.....	9,623	1,860	1,860
Other.....	1	3	1
Total Receipts	<u>14,397</u>	<u>6,863</u>	<u>6,861</u>
Total Funds Available	\$ 89,512	\$ 93,454	\$ 94,625
Disbursements:			
Environmental Protection	\$ 2,921	\$ 5,690	\$ 5,622
Total Disbursements	<u>-2,921</u>	<u>-5,690</u>	<u>-5,622</u>
Cash Balance, Ending	<u>\$ 86,591</u>	<u>\$ 87,764</u>	<u>\$ 89,003</u>

Coal Lands Improvement Fund

This fund was created by Act 117 of 1965 to finance the restoration of land acquired by the commonwealth through eminent domain or amicable methods which has been defaced by open pit or strip mining and has been declared a health hazard. Initially, the fund was provided a \$1 million appropriation, but subsequent revenue is derived from the sale of restored land and interest on investments.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 2,521	\$ 2,771	\$ 2,477
Receipts:			
Interest	\$ 254	\$ 6	\$ 6
Total Receipts	254	6	6
Total Funds Available	\$ 2,775	\$ 2,777	\$ 2,483
Disbursements:			
Environmental Protection	\$ 4	\$ 300	\$ 300
Total Disbursements	-4	-300	-300
Cash Balance, Ending	\$ 2,771	\$ 2,477	\$ 2,183

Community College Capital Fund

This fund was established by Act 46 of 2005. Fund revenue consists of an appropriation from the General Fund for transfer to the Community College Capital Fund. Monies in this fund can be disbursed only for payment of the commonwealth's annual share of approved capital debt service and lease payments to Pennsylvania's community colleges.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 1,808	\$ 2,659	\$ 3,520
Receipts:			
Transfer from General Fund.....	\$ 46,369	\$ 46,369	\$ 46,369
Interest.....	56	56	56
Total Receipts.....	46,425	46,425	46,425
Total Funds Available	\$ 48,233	\$ 49,084	\$ 49,945
Disbursements:			
Education.....	\$ 45,574	\$ 45,564	\$ 45,887
Total Disbursements.....	-45,574	-45,564	-45,887
Cash Balance, Ending	\$ 2,659	\$ 3,520	\$ 4,058

Compulsive and Problem Gambling Treatment Fund

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, established the Compulsive and Problem Gambling Treatment Fund to support a compulsive and problem gambling program within the Department of Health. This program provides public education, awareness and training regarding both the problem of compulsive and problem gambling and its treatment and prevention. Act 1 of 2010 amended the funding for this program by increasing revenues provided based on the greater of \$2.0 million or .002 multiplied by the gross terminal revenue of all active and operating gaming entities. It also provides for an annual \$3 million transfer to the Compulsive and Problem Gambling Treatment Fund for drug and alcohol addiction treatment services in the Department of Health.

Act 50 of 2010 created the Department of Drug and Alcohol Programs and requires that all drug and alcohol funding previously allocated to the Department of Health be transferred to the Department of Drug and Alcohol Programs. As a result, beginning in 2012-13, the \$3 million transfer to the Compulsive and Program Gaming Treatment Fund for drug and alcohol treatment services will be allocated to the Department of Drug and Alcohol Programs.

Statement of Cash Receipts and Disbursement

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 5,052	\$ 9,814	\$ 10,599
Receipts:			
Transfer from the State Gaming Fund	\$ 5,756	\$ 4,590	\$ 4,800
Transfer from the State Gaming Fund - Drug and Alcohol.....	3,000	3,000	3,000
Interest	26	27	27
Other	2	0	0
Total Receipts	<u>8,784</u>	<u>7,617</u>	<u>7,827</u>
Total Funds Available	\$ 13,836	\$ 17,431	\$ 18,426
Disbursements:			
Health	\$ 4,022	\$ 6,832	\$ 4,800
Department of Drug and Alcohol Programs.....	0	0	3,000
Total Disbursements	<u>-4,022</u>	<u>-6,832</u>	<u>-7,800</u>
Cash Balance, Ending	\$ 9,814	\$ 10,599	\$ 10,626

Conrad Weiser Memorial Park Trust Fund

This fund was created to provide for control, management, supervision, restoration and improvement of the Conrad Weiser Memorial Park, Berks County. Source of revenue for the fund is interest from the \$20,000 perpetual endowment created by the estate of Colonel Conrad Weiser.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 91	\$ 103	\$ 73
Receipts:			
Interest	\$ 12	\$ 0	\$ 0
Total Receipts	12	0	0
Total Funds Available	\$ 103	\$ 103	\$ 73
Disbursements:			
Historical and Museum Commission	\$ 0	\$ 30	\$ 0
Total Disbursements	0	-30	0
Cash Balance, Ending	\$ 103	\$ 73	\$ 73

Conservation District Fund

Act 110 of 2006 created the Conservation District Fund to assist local conservation districts in the conservation of soil, water and natural resources. Revenue may be provided from state appropriations, federal appropriations, interest earnings and other funds available to the State Conservation Commission.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 825	\$ 766	\$ 108
Receipts:			
Transfer from General Fund.....	\$ 3,953	\$ 3,914	\$ 3,875
Interest.....	46	3	3
Total Receipts	3,999	3,917	3,878
Total Funds Available	\$ 4,824	\$ 4,683	\$ 3,986
Disbursements:			
Environmental Protection.....	\$ 2,878	\$ 3,113	\$ 2,856
Agriculture.....	1,180	1,462	1,019
Total Disbursements	-4,058	-4,575	-3,875
Cash Balance, Ending	\$ 766	\$ 108	\$ 111

Deferred Compensation Fund

Act 81 of 1987 established the commonwealth Deferred Compensation Program. The program enables commonwealth employees to defer a portion of their salaries into a retirement savings plan. The State Employees' Retirement System is responsible for administration of the act.

Contributions to the fund began in 1988. The disbursements shown under the Executive Offices are employee contribution funds transferred to one of the investment plan options. Those funds, together with the interest they earn, are available to employees upon retirement.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 3,528	\$ 13,024	\$ 6,005
Receipts:			
Employe Contributions	\$ 132,270	\$ 134,915	\$ 137,614
Discount on Sale of Securities.....	-234	-236	-239
Interest	33,525 ^a	37,449 ^a	41,152 ^a
Total Receipts	165,561	172,128	178,527
Total Funds Available	\$ 169,089	\$ 185,152	\$ 184,532
Disbursements:			
Executive Offices.....	\$ 110,893	\$ 133,072	\$ 126,418
State Employees' Retirement System	45,172	46,075	46,997
Total Disbursements	-156,065	-179,147	-173,415
Cash Balance, Ending	\$ 13,024	\$ 6,005	\$ 11,117

^a Includes interest earned on funds controlled by SERS and the Treasury Department

Deferred Compensation Fund — Short-Term Portfolio

Act 81 of 1987 established the Commonwealth Deferred Compensation Program. The program enables commonwealth employees to defer a portion of their salaries into a retirement savings plan. Available for the employees' investment selection is the Treasury Short-Term Money Market Account. In order to maintain the identity of the investments and deferred compensation contributions, the Deferred Compensation Fund - Short-Term Portfolio was established.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 46,404	\$ 45,672	\$ 32,463
Receipts:			
Transfers from Deferred Compensation Fund.....	\$ 16,121	\$ 6,371	\$ 6,498
Interest	121	108	108
Total Receipts	16,242	6,479	6,606
Total Funds Available	\$ 62,646	\$ 52,151	\$ 39,069
Disbursements:			
State Employees' Retirement System	\$ 16,974	\$ 19,688	\$ 7,072
Total Disbursements	-16,974	-19,688	-7,072
Cash Balance, Ending	\$ 45,672	\$ 32,463	\$ 31,997

Disaster Relief Redemption Fund

Payment of interest and principal due on bonds issued for the Disaster Relief Fund are made from this fund. An annual appropriation from the General Fund for payment of interest and principal due on general obligation bonds is the primary source of revenue. Funds in excess of the interest and principal due in any one fiscal period may be used for retirement of all or any part of such bonds issued which are still outstanding.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Sale of Bonds.....	\$ 0	\$ 0	\$ 0
Transfer from General Fund.....	163	0	0
Accrued Interest on Bonds Sold.....	0	0	0
Interest on Securities.....	0	0	0
Total Receipts	<u>163</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 163	\$ 0	\$ 0
Disbursements:			
Treasury.....	\$ 163	\$ 0	\$ 0
Total Disbursements	<u>-163</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

DNA Detection Fund

This fund was created by Act 14 of Special Session One of 1995 to account for the collection and processing of Deoxyribonucleic Acid (DNA) samples by State Police from individuals convicted, adjudicated delinquent or granted accelerated rehabilitation disposition for a felony sex offense or other specified offense. Revenues are derived from mandatory fees which are assessed on sexual offenders. Expenditures are made to establish and maintain a DNA database and DNA bank. Act 57 of 2002 reestablished this fund as well as the State DNA Data Base and State DNA Data Bank. Additional requirements provide for testing and the imposition of related costs on certain offenders, while further defining the apportionment of liability and damages against defendants.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 6,210	\$ 8,302	\$ 8,396
Receipts:			
Assessments.....	\$ 2,156	\$ 2,082	\$ 2,000
Interest.....	423	20	20
Total Receipts	<u>2,579</u>	<u>2,102</u>	<u>2,020</u>
Total Funds Available	\$ 8,789	\$ 10,404	\$ 10,416
Disbursements:			
State Police.....	\$ 487	\$ 2,008	\$ 1,891
Total Disbursements	<u>-487</u>	<u>-2,008</u>	<u>-1,891</u>
Cash Balance, Ending	<u>\$ 8,302</u>	<u>\$ 8,396</u>	<u>\$ 8,525</u>

Education Technology Fund

Act 183 of 2004 established the Education Technology Fund to increase broadband access for school entities. Up to 3 percent of annual proceeds can be used by the agency for administrative costs with the remaining balance to be used to provide grants to school entities. Revenues for this fund are generated from an assessment on nonrural telecommunications carriers. Additional revenues may include appropriated funds, contributions by other state agencies, federal funds, or any public or private source. The Education Technology Fund terminated on June 30, 2011, and any remaining funds will be returned on a pro rata basis to the local exchange telecommunications companies that contributed to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 3,743	\$ 1,331	\$ 0
Receipts:			
Assessments.....	\$ 10,000	\$ 0	\$ 0
Interest.....	458	6	0
Total Receipts	<u>10,458</u>	<u>6</u>	<u>0</u>
Total Funds Available	\$ 14,201	\$ 1,337	\$ 0
Disbursements:			
Education			
Broadband Technology Services.....	\$ 12,699	\$ 0	\$ 0
Administration.....	171	107	0
Assessment Returns.....	0	1,230	0
Total Disbursements	<u>-12,870</u>	<u>-1,337</u>	<u>0</u>
Cash Balance, Ending	\$ 1,331	\$ 0	\$ 0

Educational Assistance Program Fund

The Educational Assistance Program Fund was established in Act 212 of 2004 to deposit monies and related investment income to fund the Educational Assistance Program for members of the National Guard which is administered by the Department of Military and Veterans Affairs.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget
Cash Balance, Beginning	\$ 5,809	\$ 515	\$ 663
Receipts:			
Transfer from General Fund.....	\$ 5,767	\$ 12,870	\$ 12,870
Interest.....	49	29	29
Refunds.....	0	0	0
Total Receipts	<u>5,816</u>	<u>12,899</u>	<u>12,899</u>
Total Funds Available	\$ 11,625	\$ 13,414	\$ 13,562
Disbursements:			
Military and Veterans Affairs.....	\$ 11,110	\$ 12,751	\$ 12,870
Total Disbursements	<u>11,110</u>	<u>12,751</u>	<u>12,870</u>
Cash Balance, Ending	\$ 515	\$ 663	\$ 692

Emergency Medical Services Operating Fund

The fund was created by the Emergency Medical Services Act, Act 45 of 1985 to assist in activities relating to the prevention and reduction of premature death and disability in the commonwealth; to provide assistance, coordination and support of the development and maintenance of the comprehensive emergency medical services system; to determine qualifications, eligibility and certification of emergency medical services personnel; and to fund ambulance services. Revenue is derived from a \$10 fine levied on all moving traffic violations and a \$25 fee imposed on persons admitted to programs for Accelerated Rehabilitation Disposition (ARD) related to driving under the influence of drugs and/or alcohol.

These fines are in addition to other fines imposed at the discretion of the court. This statement includes both the Emergency Medical and Catastrophic Medical and Rehabilitation components of the act.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 22,326	\$ 18,114	\$ 15,621
Receipts:			
Fines	\$ 13,692	\$ 14,461	\$ 14,461
Interest	3,242	401	401
Total Receipts	<u>16,934</u>	<u>14,862</u>	<u>14,862</u>
Total Funds Available	<u>\$ 39,260</u>	<u>\$ 32,976</u>	<u>\$ 30,483</u>
Disbursements:			
Health	\$ 16,146	\$ 17,355	\$ 16,225
Transfer to General Fund.....	<u>5,000</u>	<u>0</u>	<u>0</u>
Total Disbursements	<u>-21,146</u>	<u>-17,355</u>	<u>-16,225</u>
Cash Balance, Ending	<u>\$ 18,114</u>	<u>\$ 15,621</u>	<u>\$ 14,258</u>

Employment Fund for the Blind

This fund was created in 1967 to make loans to persons who are blind to purchase equipment, stock, merchandise and accessories necessary to put into operation vending or refreshment stands or other suitable business enterprises in suitable locations to be leased or arranged for by state agencies. Act 15 of 1999 transferred the authority to administer the fund from the Department of Public Welfare to the Department of Labor and Industry.

Monies credited to this fund include: (1) repayment of money advanced to persons who are blind for the purchase of merchandise, equipment, stock and accessories; (2) rental fees paid by persons who are blind for leasing equipment and accessories purchased, owned, installed and maintained by the Department of Labor and Industry; (3) a percentage of the profits from vending machines in state buildings where a restaurant or cafeteria is operated by the Department of General Services; and (4) any grants or contributions from the federal government.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 2,998	\$ 2,369	\$ 1,578
Receipts:			
Vending Stand Equipment Rentals	\$ 417	\$ 165	\$ 195
Vending Machine Receipts	208	460	435
Interest	379	6	6
Total Receipts	1,004	631	636
Total Funds Available	\$ 4,002	\$ 3,000	\$ 2,214
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Labor and Industry.....	1,633	1,417	800
Total Disbursements	-1,633	-1,422	-805
Cash Balance, Ending	\$ 2,369	\$ 1,578	\$ 1,409

Energy Conservation and Assistance Fund

This fund was created by Act 122 of 1986 to receive all oil overcharge settlements including the uncommitted balance of settlements received prior to the act. Appropriations are made from the fund for supplemental low-income weatherization and home energy assistance programs, and energy conservation activities.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Total Cash Balance, Beginning	\$ 6	\$ 7	\$ 8
Receipts:			
Interest.....	\$ 1	\$ 1	\$ 0
Other.....	0	0	0
Total Receipts	1	1	0
Total Funds Available	\$ 7	\$ 8	\$ 8
Disbursements:			
Environmental Protection.....	\$ 0	\$ 0	\$ 0
Public Welfare.....	0	0	8
Total Disbursements	0	0	-8
Cash Balance, Ending	\$ 7	\$ 8	\$ 0

Energy Development Fund

The Energy Development Fund was created by Act 280 of 1982. The fund provides the vehicle to accomplish the purposes of the Pennsylvania Energy Development Authority (PEDA) including the sale of bonds. Activities of the fund include preparation of the energy development plan, payment of administrative costs, the making of grants and loans for limited research intended to make the greatest possible contributions to energy conservation and development, and the establishment of reserves in respect to loans guaranteed or bonds issued by the authority. The fund is supported by interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 7,024	\$ 8,191	\$ 4,262
Receipts:			
PEDA Application Fees.....	\$ 32	\$ 15	\$ 7
Loan Repayments.....	181	170	175
Pennworks Interest Payments.....	37	30	28
Duquesne Settlement Payments.....	1,500	0	0
Interest	684	100	120
Total Receipts	2,434	315	330
Total Funds Available	\$ 9,458	\$ 8,506	\$ 4,592
Disbursements:			
Environmental Protection			
Administration.....	\$ 17	\$ 75	\$ 75
Loans/Grants.....	1,250	4,169	0
Total Disbursements	-1,267	-4,244	-75
Cash Balance, Ending	\$ 8,191	\$ 4,262	\$ 4,517

Environmental Education Fund

This fund was authorized by Act 24 of 1993 to provide environmental education programs and to provide grants to schools and other organizations. Funding is from the transfer of 5 percent of fines and penalties deposited in the special funds and restricted revenue accounts which are administered by the Department of Environmental Protection. Act 18 of 1995 requires that not less than 25 percent of the annual receipts of this fund shall be provided to the Department of Conservation and Natural Resources.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 861	\$ 1,355	\$ 793
Receipts:			
Transfers from Other Funds.....	\$ 925	\$ 877	\$ 700
Interest.....	136	5	5
Total Receipts	1,061	882	705
Total Funds Available	\$ 1,922	\$ 2,237	\$ 1,498
Disbursements:			
Conservation and Natural Resources.....	\$ 134	\$ 306	\$ 300
Environmental Protection	433	1,138	778
Total Disbursements	-567	-1,444	-1,078
Cash Balance, Ending	\$ 1,355	\$ 793	\$ 420

Environmental Stewardship Fund

The Environmental Stewardship Fund originally received revenue from a 25 cent per ton, or 25 cent per three cubic yards, fee for all solid waste received at a landfill in the commonwealth. Act 90 of 2002 added an additional \$4 per ton disposal fee for all solid waste disposed of at any municipal waste landfill. For fiscal year 2002-03, the first \$50 million received from this fee was deposited into this special fund. In fiscal year 2003-04, and thereafter, all revenue from these fees is deposited in this special fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 57,760	\$ 57,702	\$ 12,391
Receipts:			
Licenses and Fees.....	\$ 63,736	\$ 65,000	\$ 65,000
Miscellaneous.....	3	0	0
Interest.....	9,098	1,000	1,000
Total Receipts	72,837	66,000	66,000
Total Funds Available	\$ 130,597	\$ 123,702	\$ 78,391
Disbursements:			
Treasury			
Debt Service for Growing Greener.....	\$ 37,169	\$ 37,954	\$ 37,646
Agriculture			
Agricultural Conservation Easement Program.....	4,645	5,110	2,749
Conservation and Natural Resources			
Community Conservation Grants.....	8,893	17,097	4,958
Park and Forest Facility Rehabilitation.....	0	542	0
Natural Diversity Conservation Grants.....	439	1,435	800
Environmental Protection			
Watershed Protection and Restoration.....	13,373	40,989	8,936
Abandoned Mine Reclamation and Remediation.....	73	0	0
Sewage and Drinking Water Grants.....	864	0	0
Infrastructure Investment Authority			
Stormwater, Water and Sewer Grants	7,439	8,184	5,662
Total Disbursements	-72,895	-111,311	-60,751
Cash Balance, Ending	\$ 57,702	\$ 12,391	\$ 17,640

Fire Insurance Tax Fund

The revenue for the Fire Insurance Tax Fund results from the 2 percent tax paid upon premiums received from foreign (out-of-state) fire insurance companies on business done within the commonwealth. The funds are distributed based on the population and market value of real estate of each municipality. In addition, the distribution formula provides for differential payment for paid and volunteer firefighters. The amount to be distributed based on paid firefighters is transferred to the Municipal Pension Aid Fund for payment. This money must be paid by the local governmental organization into the relief, pension or retirement fund of the recognized fire fighting organization serving the city, town, township or borough.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 88,828	\$ 138,631	\$ 138,535
Receipts:			
Tax Payable to Municipalities.....	\$ 138,343	\$ 138,147	\$ 128,500
Other.....	0	0	0
Interest.....	0	0	0
Total Receipts	<u>138,343</u>	<u>138,147</u>	<u>128,500</u>
Total Funds Available	\$ 227,171	\$ 276,778	\$ 267,035
Disbursements:			
Auditor General.....	\$ 88,540	\$ 138,238	\$ 138,500
Treasury.....	0	5	5
Total Disbursements	<u>-88,540</u>	<u>-138,243</u>	<u>-138,505</u>
Cash Balance, Ending	\$ 138,631	\$ 138,535	\$ 128,530

Fire Prevention and Public Safety Fund

Act 42 of 2008 created the Fire Prevention and Public Safety Fund within the Office of the State Fire Commissioner. The Fund consists of all moneys recovered as penalties under this act. The penalties are remitted to the State Treasury for programs to support fire safety and prevention programs.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Penalty collections.....	\$ 0	\$ 0	\$ 0
Interest.....	0	0	0
Total Receipts	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 0	\$ 0	\$ 0
Disbursements:			
PEMA-Office of State Fire Commissioner.....	\$ 0	\$ 0	\$ 0
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Governor Robert P. Casey Memorial Organ and Tissue Donation Awareness Trust Fund

This fund was established by Act 102 of 1994 and derives revenue from private contributions and a voluntary \$1 add-on to the fee for an original or renewal driver's license, State identification card, or vehicle registration.

After the payment of initial departmental operating costs associated with the fund and in support of the Organ Donation Advisory Committee, any remaining funds are spent as prescribed by the act: 10 percent for hospital and medical expenses, funeral expenses and incidental expenses incurred by the donor or the donor's family in conjunction with making a vital organ donation; 50 percent for grants to certified organ procurement organizations for the development and implementation of organ donation awareness programs; 15 percent in cooperation with certified organ procurement organizations for the "project-make-a-choice program;" and 25 percent for the implementation of organ donation awareness programs in secondary schools.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget
Cash Balance, Beginning	\$ 2,227	\$ 2,403	\$ 1,766
Receipts:			
Donations - State Income Tax Forms	\$ 30	\$ 32	\$ 29
Donations - Driver's License Applicants	280	287	280
Donations - Motor Vehicle Registrations	530	521	530
Interest	247	6	6
Total Receipts	<u>1,087</u>	<u>846</u>	<u>845</u>
Total Funds Available	\$ 3,314	\$ 3,249	\$ 2,611
Disbursements:			
Education.....	\$ 207	\$ 299	\$ 200
Health.....	704	1,184	1,003
Total Disbursements	<u>-911</u>	<u>-1,483</u>	<u>-1,203</u>
Cash Balance, Ending	\$ <u>2,403</u>	\$ <u>1,766</u>	\$ <u>1,408</u>

Growing Greener Bond Fund

This fund was created under the authority of Act 45 of 2005 to receive and distribute the proceeds from the sale of \$625 million in bonds. This money will be used to finance various environmental projects such as watershed protection, mine drainage remediation, advanced energy, flood protection, brownfields remediation, state parks and forests facilities, open space conservation, farmland preservation, capital improvement projects for fishing, boating and hunting, and for county environmental initiatives. The FY 2012-13 budget proposes to stop the transfer of cigarette tax revenue to the Agricultural Conservation Easement Purchase Fund. In order to continue to provide funds for the purchase of agricultural easements, this budget also proposes to use \$20.485 million in bond premiums and interest in each of the next two fiscal years to continue the allocation to the Department of Agriculture for the purchase of County Easements. This proposal will not adversely affect the allocations to other programs within the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 62,582	\$ 25,629	\$ 9,248
Receipts:			
Referendum Bonds.....	\$ 19,500	\$ 10,000	\$ 37,000
Premium/Discount on Sale of Bonds.....	-199	0	0
Interest.....	136	50	50
Total Receipts	19,437	10,050	37,050
Total Funds Available	\$ 82,019	\$ 35,679	\$ 46,298
Disbursements:			
Treasury	\$ 16	\$ 6	\$ 23
Agriculture			
Purchase of County Easements.....	439	425	20,485
Community and Economic Development			
Main Street Downtown Development.....	2,941	2,000	1,500
Industrial Sites Reuse.....	4,054	2,500	1,000
Conservation and Natural Resources			
Parks & Recreation Improvements.....	3,375	3,000	3,000
State Parks/Forest Projects.....	6,242	2,000	1,000
Open Space Conservation.....	8,612	500	500
Environmental Protection			
Authority Projects.....	10,314	4,000	3,500
Environmental Improvement Projects.....	11,216	7,000	5,000
Acid Mine Drainage Abatement.....	6,045	3,000	1,500
Fish and Boat Commission			
Capital Improvement Projects.....	1,520	1,000	1,000
Game Commission			
Capital Improvement Projects.....	1,616	1,000	1,000
Total Disbursements	-56,390	-26,431	-39,508
Cash Balance, Ending	\$ 25,629	\$ 9,248	\$ 6,790

Growing Greener Bond Sinking Fund

Payment of interest and principal due on outstanding Growing Greener bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest on monies in the Growing Greener Bond Fund provide revenues to this fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 37,169	\$ 37,988	\$ 38,881
Total Receipts	<u>37,169</u>	<u>37,988</u>	<u>38,881</u>
Total Funds Available	\$ 37,169	\$ 37,988	\$ 38,881
Disbursements:			
Treasury.....	\$ 37,169	\$ 37,988	\$ 38,881
Total Disbursements	<u>-37,169</u>	<u>-37,988</u>	<u>-38,881</u>
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Hazardous Material Response Fund

This fund was created by Act 165 of 1990 and amended by Act 121 of 2000 to carry out Pennsylvania's responsibilities under Title III of the Federal Superfund Amendments and Reauthorization Act (SARA Title III). Revenue is generated from toxic chemical registration fees and toxic chemical release form fees. Expenditures are for training programs for hazardous material response teams, public education programs, grants to counties for SARA Title III activities, cost recovery grants, facility and vehicle inspections, and testing and administration of the program including data collection and management.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 6,937	\$ 4,964	\$ 3,915
Receipts:			
Toxic Chemical Release Form Fee	\$ 977	\$ 970	\$ 970
Chemical Inventory Fee	315	300	300
Interest	868	96	96
Other.....	108	120	120
Total Receipts	<u>2,268</u>	<u>1,486</u>	<u>1,486</u>
Total Funds Available	\$ 9,205	\$ 6,450	\$ 5,401
Disbursements:			
Emergency Management	\$ 4,051	\$ 2,308	\$ 2,300
Labor and Industry	190	227	170
Total Disbursements	<u>-4,241</u>	<u>-2,535</u>	<u>-2,470</u>
Cash Balance, Ending	\$ 4,964	\$ 3,915	\$ 2,931

Hazardous Sites Cleanup Fund

This fund was created by Act 58 of 1987 to finance the cleanup and restoration of abandoned hazardous waste sites in the commonwealth. Expenditures from this fund are for cleaning up abandoned hazardous waste sites throughout the commonwealth and restoring the land to productive use. Revenue is generated from a Hazardous Waste Fee as well as money received from parties determined responsible for site contamination. Prior to fiscal year 2002-03, the fund received one-quarter mill of the Capital Stock and Franchise Tax. Act 45 of 2005 provided for transfers to the fund from the Environmental Stewardship Fund in 2005-06 and 2006-07. Act 77 of 2007 provides for a one-time transfer in fiscal year 2007-08 of monies lapsed from certain appropriations within the Legislative Department. Beginning in fiscal year 2008-09, the act also includes an annual transfer to the fund of \$40 million of revenue received from the Capital Stock and Franchise Tax.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Total Cash Balance, Beginning.....	\$ 34,779	\$ 40,678	\$ 31,790
Receipts:			
Capital Stock and Franchise Tax.....	\$ 40,000	\$ 40,000	\$ 40,000
Hazardous Waste Fee.....	1,902	1,999	1,999
Cost Recovery.....	3,878	1,709	1,709
Interest.....	2,532	450	450
Other.....	48	0	0
Total Receipts	48,360	44,158	44,158
Total Funds Available	\$ 83,139	\$ 84,836	\$ 75,948
Disbursements:			
Environmental Protection.....	\$ 42,461	\$ 53,046	\$ 48,566
Total Disbursements	-42,461	-53,046	-48,566
Cash Balance, Ending	\$ 40,678	\$ 31,790	\$ 27,382

Higher Education Assistance Fund

This fund statement presents financial activity within the Higher Education Assistance Fund that is related only to programs funded by state and federal appropriations. The Pennsylvania Higher Education Assistance Agency (PHEAA) administers other programs through the Higher Education Assistance Fund which are not included in this presentation. Funding is used primarily for the following purposes: (1) grants to students; (2) grants to nonsectarian private post-secondary educational institutions; (3) grants to institutions of higher learning for the purpose of helping the institution secure federal funds to provide direct financial aid to students; (4) funds to institutions for the Federal Work Study Program; (5) funds for the higher education of disadvantaged students; and (6) funds for the higher education of blind or deaf students. Revenues to this fund are derived from General Fund appropriations by the General Assembly, federal funds and interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 42,011	\$ 76,771	\$ 76,530
Receipts:			
Transfer from General Fund	\$ 439,192	\$ 422,950	\$ 395,705
Investment Earnings	3,285	3,413	3,413
Federal Revenue.....	8,162	2,928	2,497
Other.....	-501	42,498	50,835
Total Receipts	450,138	471,789	452,450
Total Funds Available	\$ 492,149	\$ 548,560	\$ 528,980
Disbursements:			
Higher Education Assistance Agency.....	415,378	472,030	451,919
Total Disbursements	-415,378	-472,030	-451,919
Cash Balance, Ending	\$ 76,771	\$ 76,530	\$ 77,061

Highway Beautification Fund

The Highway Beautification Fund was created by Act 5 of Special Session Three of 1966. Activities include control of outdoor advertising and junkyards. Although General Fund monies were initially appropriated to establish the fund, highway beautification activities are now supported by licenses, fees, fines, penalties and interest. Act 46 of 2010 established a one-time transfer of \$800,000 to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 848	\$ 374	\$ 365
Receipts:			
Licenses and Fees.....	\$ 309	\$ 325	\$ 325
Interest.....	105	2	2
Total Receipts	414	327	327
Total Funds Available	\$ 1,262	\$ 701	\$ 692
Disbursements:			
Transportation.....	\$ 88	\$ 336	\$ 336
Transfer to General Fund.....	800	0	0
Total Disbursements	-888	-336	-336
Cash Balance, Ending	\$ 374	\$ 365	\$ 356

Historical Preservation Fund

This fund was created for expenditure by the Historical and Museum Commission for the preservation, care and maintenance of state historical properties, museums and records and for the financing of historical research and publication programs. Money in the fund can also be used to purchase publications and souvenirs of a historical nature for sale at commission administered properties. This fund is made up of monies from the sale of publications by the Pennsylvania Historical and Museum Commission and all monies received from admission fees or other sales by the commission at the state historical properties and/or museums. Act 173 of 2002 enables the commission to sell most commonwealth publications to the public and provides that net proceeds from the publication sales and from the sale of historical properties administered by the commission shall be deposited into the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 2,689	\$ 2,756	\$ 2,763
Receipts:			
Admission Fees.....	\$ 1,202	\$ 1,300	\$ 1,300
Interest	384	7	7
Other.....	421	100	98
Total Receipts	<u>2,007</u>	<u>1,407</u>	<u>1,405</u>
Total Funds Available	\$ 4,696	\$ 4,163	\$ 4,168
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Historical and Museum Commission.....	1,940	1,395	1,418
Total Disbursements	<u>-1,940</u>	<u>-1,400</u>	<u>-1,423</u>
Cash Balance, Ending	\$ 2,756	\$ 2,763	\$ 2,745

HOME Investment Trust Fund

This fund was established by Act 172 of 1992 in order to administer Pennsylvania's program under the National Affordable Housing Act of 1990. Funding is provided by the Federal Department of Housing and Urban Development on an annual basis. Expenditures are for development and support of affordable rental housing and home ownership through the acquisition, new construction, reconstruction or rehabilitation of housing.

Act 58 of 1996 transferred this program from the Department of Community Affairs to the Department of Community and Economic Development. Beginning in 2000-01 the majority of federal funds are granted directly through the implementation of the United States Department of Housing and Urban Development Integrated Disbursement and Information System and do not flow through the Department of Community and Economic Development. Administrative funds are appropriated to the department to continue the program.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 106	\$ 79	\$ 71
Receipts:			
Federal Revenue.....	\$ 325	\$ 1,170	\$ 1,170
Interest.....	0	0	2
Total Receipts	<u>325</u>	<u>1,170</u>	<u>1,172</u>
Total Funds Available	\$ 431	\$ 1,249	\$ 1,243
Disbursements:			
Community and Economic Development Administration	\$ 352	\$ 1,178	\$ 1,170
Total Disbursements	<u>-352</u>	<u>-1,178</u>	<u>-1,170</u>
Cash Balance, Ending	\$ 79	\$ 71	\$ 73

Industrial Development Fund

Periodic General Fund appropriations made by the General Assembly to the Pennsylvania Industrial Development Authority (PIDA) are credited to this fund. From 1992 to 1994, these appropriations were replaced by an annual \$70 million transfer of Corporate Net Income tax revenues as provided by Act 22 of 1991. This transfer ended at the close of the 1993-94 fiscal year as part of the PIDA recapitalization.

The fund makes loans to local industrial development agencies to stimulate economic activity in areas of high unemployment. Repayments of loans and other revenues, generally not credited to this fund, are used by PIDA to make additional loans.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 43	\$ 47	\$ 47
Receipts:			
Interest.....	\$ 4	\$ 0	\$ 1
Total Receipts	4	0	1
Total Funds Available	\$ 47	\$ 47	\$ 48
Disbursements:			
Treasury.....	\$ 0	\$ 0	\$ 5
Community and Economic Development.....	0	0	19
Total Disbursements	0	0	-24
Cash Balance, Ending	\$ 47	\$ 47	\$ 24

Industrial Sites Cleanup Fund

Act 2 of 1995 created the Industrial Sites Cleanup Fund to provide grants and loans to political subdivisions, local economic development agencies and others who as part of an economic development strategy undertake voluntary cleanup of property contaminated by industrial activity. Act 6 of 2000 allows the Department of Community and Economic Development to provide performance-based loans, which may be forgiven if performance measures are met. Also, Act 6 expanded the program to include remediation of non-hazardous waste or debris. Revenue to the fund consists of transfers from the Hazardous Sites Cleanup Fund, any funds appropriated by the General Assembly, interest earnings and loan repayments. Grants and loans are prioritized based on the benefit of the project to the public health and safety, the cost effectiveness of the project, the economic distress of the area and the potential of the project to result in economic development.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 12,207	\$ 13,971	\$ 11,960
Receipts:			
Loan Principal and Interest.....	\$ 773	\$ 816	\$ 590
Transfer from Hazardous Sites Cleanup	2,000	2,000	0
Interest.....	1,386	268	350
Total Receipts	<u>4,159</u>	<u>3,084</u>	<u>940</u>
Total Funds Available	\$ 16,366	\$ 17,055	\$ 12,900
Disbursements:			
Community and Economic Development			
Administration.....	\$ 96	\$ 204	\$ 313
Loans.....	2,000	4,255	2,000
Grants.....	299	636	3,000
Total Disbursements	<u>-2,395</u>	<u>-5,095</u>	<u>-5,313</u>
Cash Balance, Ending	\$ 13,971	\$ 11,960	\$ 7,587

Insurance Fraud Prevention Trust Fund

The Insurance Fraud Prevention Trust Fund was created by Act 166 of 1994. The purpose of the fund is to finance activities in the commonwealth to prevent, combat and reduce insurance fraud, and to improve and support insurance fraud law enforcement, prosecutions and prevention. The source of funds is assessments on the insurance companies that conduct business in the Commonwealth of Pennsylvania, fines and penalties, and interest earnings.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 4,520	\$ 1,056	\$ 11
Receipts:			
Assessments.....	\$ 11,744	\$ 11,616	\$ 11,930
Fines and Penalties Income.....	0	50	50
Interest.....	9	9	9
Total Receipts	<u>11,753</u>	<u>11,675</u>	<u>11,989</u>
Total Funds Available	\$ 16,273	\$ 12,731	\$ 12,000
Disbursements:			
Insurance Fraud Prevention Authority.....	\$ 15,217	\$ 12,720	\$ 12,000
Total Disbursements	<u>-15,217</u>	<u>-12,720</u>	<u>-12,000</u>
Cash Balance, Ending	\$ 1,056	\$ 11	\$ 0

Insurance Liquidation Fund

The Insurance Department is responsible for administering the liquidation of insolvent domestic insurance carriers pursuant to orders of the Commonwealth Court under Article V of the Insurance Department Act. This fund is used to permit the Treasury Department to invest the assets of insolvent insurance carriers.

These assets are used to pay claims and expenses incurred in the administration of domestic insurance carrier insolvencies. The net investment adjustment shown below is to reflect the current market value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 74,742	\$ 83,299	\$ 68,349
Receipts:			
Carrier Assets	\$ 0	\$ 0	\$ 0
Net Investment Adjustment	303	0	0
Miscellaneous.....	8,626	0	0
Interest	1,446	1,485	1,435
Total Receipts	10,375	1,485	1,435
Total Funds Available	\$ 85,117	\$ 84,784	\$ 69,784
Disbursements:			
Insurance	\$ 1,818	\$ 16,435	\$ 3,000
Total Disbursements	-1,818	-16,435	-3,000
Cash Balance, Ending	\$ 83,299	\$ 68,349	\$ 66,784

Job Training Fund

This fund was created by Act 5 of 2005 to facilitate advances in workforce development in the commonwealth. The Job Training Fund will award annual grants to entities in specified rural counties which run workforce education programs and services for job training assistance to incumbent workers, dislocated workers, adult and youth workers and other workforce development programs. Receipts in the fund are transfers from the Special Administration Fund and are supplemented by interest earnings and other monies appropriated to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 2,497	\$ 2,453	\$ 539
Receipts:			
Special Administration Fund.....	\$ 6,000	\$ 3,600	\$ 3,600
Interest.....	184	6	6
Total Receipts	6,184	3,606	3,606
Total Funds Available	\$ 8,681	\$ 6,059	\$ 4,145
Disbursements:			
Labor and Industry.....	\$ 6,228	\$ 5,520	\$ 3,600
Total Disbursements	-6,228	-5,520	-3,600
Cash Balance, Ending	\$ 2,453	\$ 539	\$ 545

Land and Water Development Fund

This fund was created in 1968 to finance projects to eliminate land and water scars, air pollution and subsidence due to past coal mining operations, to aid political subdivisions in constructing or improving sewage treatment plants, to develop public outdoor recreation lands and to aid local governments in acquiring land for recreation purposes. In addition, administrative expenses incurred in support of any of these activities may be paid with monies in this fund. Initially, revenue to the fund was derived from the sale of Land and Water Development Bonds up to the \$500 million approved by the electorate on May 16, 1967. All appropriated funds from the bonds have been expended.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 659	\$ 520	\$ 414
Receipts:			
Sale of Refuse Bank Materials.....	\$ 0	\$ 0	\$ 0
Total Receipts	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 659	\$ 520	\$ 414
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Environmental Protection	139	101	0
Total Disbursements	<u>-139</u>	<u>-106</u>	<u>-5</u>
Cash Balance, Ending	\$ 520	\$ 414	\$ 409

Land and Water Development Sinking Fund

Payment of interest and principal due on outstanding Land and Water Development bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest on invested balances in this fund and in the Land and Water Development Fund provide the revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 1	\$ 354	\$ 374
Receipts:			
Transfer from General Fund.....	\$ 241	\$ 253	\$ 253
Remining Financial Assurance Assist Fund Interest	367	20	8
Interest on Securities.....	2	0	0
Total Receipts	<u>610</u>	<u>273</u>	<u>261</u>
Total Funds Available	\$ 611	\$ 627	\$ 635
Disbursements:			
Treasury.....	\$ 257	\$ 253	\$ 253
Total Disbursements	<u>-257</u>	<u>-253</u>	<u>-253</u>
Cash Balance, Ending	\$ 354	\$ 374	\$ 382

Liquid Fuels Tax Fund

The Liquid Fuels Tax Fund was created in 1931 by an act of the General Assembly to assist in funding the local roads system. One-half cent per gallon of gasoline and diesel fuel taxes is deposited into the fund for semi-annual distribution to county governments and to pay registration fees for vehicles operated by mass transportation systems. After payment of fees, remaining funds are allocated to the counties on a three-year average refund to total refund formula and must be used for highway purposes. Since the majority of counties have direct jurisdiction over a limited number of roads, a large portion of these funds are further allocated by the counties to their political subdivisions. To streamline payments to counties the Department of Revenue delegated the authority for these payments and attendant expenses to the Department of Transportation effective in 1999-00.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 5,511	\$ 5,466	\$ 5,565
Receipts:			
Tax on Gasoline	\$ 25,076	\$ 25,372	\$ 25,379
Tax on Diesel Fuel	6,606	6,527	6,477
Total Receipts	31,682	31,899	31,856
Total Funds Available	\$ 37,193	\$ 37,365	\$ 37,421
Disbursements:			
Treasury.....	\$ 0	\$ 300	\$ 300
Transportation.....	31,727	31,500	31,750
Total Disbursements.....	-31,727	-31,800	-32,050
Cash Balance, Ending.....	\$ 5,466	\$ 5,565	\$ 5,371

Liquor License Fund

This fund serves as a pass-through account for fees from hotel, restaurant and club liquor and/or beer licenses. These fees are returned semi-annually to the municipalities in which the licenses are located. Interest earned on fund deposits is credited to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 2,397	\$ 2,588	\$ 2,783
Receipts:			
License Fees.....	\$ 4,579	\$ 4,600	\$ 4,600
Other.....	0	5	5
Total Receipts	4,579	4,605	4,605
Total Funds Available	\$ 6,976	\$ 7,193	\$ 7,388
Disbursements:			
Treasury.....	\$ 0	\$ 10	\$ 10
Liquor Control Board.....	4,388	4,400	4,400
Total Disbursements	-4,388	-4,410	-4,410
Cash Balance, Ending	\$ 2,588	\$ 2,783	\$ 2,978

Local Criminal Justice Fund

This fund was created by Act 71 of 1990 which authorized the issuance of bonds to raise \$200 million for grants to counties for the repair, expansion, construction, rehabilitation and improvement of local correctional facilities or multicounty regional prison facilities or the purchase of electronic monitoring equipment for alternative sentencing programs. In 2009-10, this fund was closed and the remaining balance was transferred to the Local Criminal Justice Sinking Fund. Residual interest postings that occurred in 2010-11 were transferred to the Local Criminal Justice Sinking Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Interest.....	\$ 1	\$ 0	\$ 0
Total Receipts	1	0	0
Total Funds Available	\$ 1	\$ 0	\$ 0
Disbursements:			
Corrections.....	\$ 0	\$ 0	\$ 0
Local Criminal Justice Sinking Fund.....	1	0	0
Total Disbursements	-1	0	0
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Local Criminal Justice Sinking Fund

Payment of interest and principal due on outstanding local criminal justice bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest on invested balances in this fund provide the revenues to this fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 1,841	\$ 1,323	\$ 902
Receipts:			
Transfer from Local Criminal Justice Fund.....	\$ 1	\$ 0	\$ 0
Transfer from Ben Franklin Tech Develop Fund.....	0	0	0
Interest	3	0	0
Total Receipts	4	0	0
Total Funds Available	\$ 1,845	\$ 1,323	\$ 902
Disbursements:			
Treasury.....	\$ 522	\$ 421	\$ 369
Total Disbursements	-522	-421	-369
Cash Balance, Ending	\$ 1,323	\$ 902	\$ 533

Local Government Capital Project Loan Fund

This fund was created in 1990 to assist municipal governments in acquiring equipment and facilities by providing low-interest loans to those governments which find conventional loan costs to be prohibitive. Loans are provided at a rate of 2 percent for periods not to exceed 10 years. Revenues received from loan repayment and interest accrual are returned to the fund on a revolving basis. Act 58 of 1996 transferred this program from the Department of Community Affairs to the Department of Community and Economic Development. Act 46 of 1997 extended this fund indefinitely.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 3,015	\$ 2,709	\$ 2,008
Receipts:			
Loan Principle and Interest Payments.....	\$ 581	\$ 481	\$ 500
Interest	278	7	7
Total Receipts	<u>859</u>	<u>488</u>	<u>507</u>
Total Funds Available	\$ 3,874	\$ 3,197	\$ 2,515
Disbursements:			
Community and Economic Development			
Loans.....	\$ 165	\$ 1,189	\$ 1,000
Transfer to General Fund.....	1,000	0	0
Total Disbursements	<u>-1,165</u>	<u>-1,189</u>	<u>-1,000</u>
Cash Balance, Ending	\$ <u>2,709</u>	\$ <u>2,008</u>	\$ <u>1,515</u>

Low-Level Waste Fund

This fund was created by Act 12 of 1988 to finance the selection, licensing, regulation and long-term care of a low-level radioactive waste disposal facility. Revenue is derived from fees for licenses and permits to generate, store and transport waste, surcharges on the disposal of waste, and fines and penalties for violating the provisions of the Low-Level Radioactive Waste Disposal Act. The siting process was suspended in 1998 because of a dramatic reduction in the volume of low-level radioactive waste being generated in the Appalachian Compact and the availability of out-of-state disposal capacity. Expenditures reflect the continued activity by the department to oversee Pennsylvania's generation of low-level waste and to reduce the waste stream.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 2,602	\$ 0	\$ 0
Receipts:			
Fines and Penalties.....	\$ 0	\$ 0	\$ 0
Licenses and Fees.....	0	0	0
Surcharges.....	0	0	0
Interest.....	335	0	0
Total Receipts	335	0	0
Total Funds Available	\$ 2,937	\$ 0	\$ 0
Disbursements:			
Environmental Protection	\$ 1,979	\$ 0	\$ 0
Transfer to General Fund	958	0	0
Total Disbursements	-2,937	0	0
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Machinery and Equipment Loan Fund

This fund was established by Act 120 of 1988 to provide low-interest machinery and equipment financing for Pennsylvania businesses in order to facilitate their growth, competitiveness and value-added capacity. The fund was initially capitalized by an appropriation from the Pennsylvania Economic Revitalization Fund (PERF). It is now funded from loan repayments, transfers from the General Fund, Small Business First Fund, and interest earnings. Act 22 of 2004 required the Commonwealth Financing Authority to transfer \$75 million in bond proceeds to the Department of Community and Economic Development for deposit in the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 66,582	\$ 93,947	\$ 69,149
Receipts:			
Principal Repayments and Loan Interest.....	\$ 36,316	\$ 24,823	\$ 22,000
Loan Service Fees.....	25	25	150
Interest.....	7,178	1,516	1,300
Total Receipts	43,519	26,364	23,450
Total Funds Available	\$ 110,101	\$ 120,311	\$ 92,599
Disbursements:			
Community and Economic Development			
Administration.....	\$ 509	\$ 696	\$ 676
Loans.....	15,645	50,466	25,000
Total Disbursements	-16,154	-51,162	-25,676
Cash Balance, Ending	\$ 93,947	\$ 69,149	\$ 66,923

Manufacturing Fund

This fund, created in 1915, is a self-sustaining enterprise that provides institutionalized offenders an opportunity for vocational rehabilitation. Receipts are derived from the sale of inmate manufactured goods to government agencies or government-aided organizations. Expenditures are made for the purchase of raw materials, machinery replacement, inmate wages and other costs related to the sale and manufacture of their products.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 21,719	\$ 24,059	\$ 11,894
Receipts:			
Sale of Products.....	\$ 60,979	\$ 70,000	\$ 78,500
Interest.....	3,542	422	422
Other.....	0	100	100
Total Receipts	64,521	70,522	79,022
Total Funds Available	\$ 86,240	\$ 94,581	\$ 90,916
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Corrections.....	60,466	82,682	81,642
Reimbursement to federal government.....	1,715	0	0
Total Disbursements	-62,181	-82,687	-81,647
Cash Balance, Ending	\$ 24,059	\$ 11,894	\$ 9,269

Medical Care Availability and Reduction of Error Fund

Act 13 of 2002, the Medical Care Availability and Reduction of Error (Mcare) Act, established the Medical Care Availability and Reduction of Error Fund and transferred to it the assets, liabilities, rights and responsibilities of the Medical Professional Liability Catastrophe Loss Fund effective October 15, 2002. The Mcare Fund is used to pay claims against participating health care providers for losses or damages awarded in medical professional liability actions against them in excess of the basic insurance coverage required by the act. In addition to the transfer of assets from the Medical Professional Liability Catastrophe Loss Fund, revenue includes an assessment on health care providers. Beginning in 2004, the moving violation surcharge revenue which accrued to the Catastrophic Loss Benefits Continuation Fund accrues to this fund for a period of ten years. Act 50 of 2009 provided that \$100 million be transferred from the fund to the General Fund in 2009-10 and redirected the moving violation surcharge to the General Fund for 2009-10 and 2010-11. Act 26 of 2011 redirects the surcharge to the General Fund for 2011-12 and for each fiscal year thereafter.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 141,849	\$ 198,208	\$ 186,307
Receipts:			
Assessments.....	\$ 208,035	\$ 177,000	\$ 203,800
Interest	9,217	1,785	1,800
Other.....	75	1,215	100
Total Receipts	217,327	180,000	205,700
Total Funds Available	\$ 359,176	\$ 378,208	\$ 392,007
Disbursements:			
Treasury.....	\$ 0	\$ 20	\$ 15
Insurance.....	160,968	191,881	190,326
Total Disbursements	-160,968	-191,901	-190,341
Cash Balance, Ending	\$ 198,208	\$ 186,307	\$ 201,666

Milk Marketing Fund

The Milk Marketing Fund is a special revenue fund composed of monies received from license fees, fines, penalties and permits relating to the milk industry. The purpose of this fund is to provide for the operation of the Milk Marketing Board and to serve as a depository for money due dairy farmers from underpayments by milk dealers.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 3,172	\$ 3,871	\$ 3,440
Receipts:			
License and Fees	\$ 2,738	\$ 2,550	\$ 2,537
Fines and Penalties.....	7	10	8
Interest.....	286	7	7
Total Receipts	<u>3,031</u>	<u>2,567</u>	<u>2,552</u>
Total Funds Available	\$ 6,203	\$ 6,438	\$ 5,992
Disbursements:			
Milk Marketing Board.....	\$ 2,332	\$ 2,993	\$ 2,802
Treasury.....	0	5	5
Total Disbursements	<u>-2,332</u>	<u>-2,998</u>	<u>-2,807</u>
Cash Balance, Ending	\$ 3,871	\$ 3,440	\$ 3,185

Mine Safety Fund

Act 55 of 2008 created the Mine Safety Fund to recover expenses for responding to mine safety emergency be deposited by the State Treasurer into the fund. The monies will be used for mine safety activities and the administration of the Act.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 33	\$ 61	\$ 86
Receipts:			
Fines and Penalties.....	\$ 28	\$ 26	\$ 26
Total Receipts	<u>28</u>	<u>26</u>	<u>26</u>
Total Funds Available	\$ 61	\$ 87	\$ 112
Disbursements:			
Environmental Protection	\$ 0	\$ 1	\$ 1
Total Disbursements	<u>0</u>	<u>-1</u>	<u>-1</u>
Cash Balance, Ending	\$ 61	\$ 86	\$ 111

Minority Business Development Fund

This fund was created by Act 206 of 1974 to accommodate the operation of the Pennsylvania Minority Business Development Authority. Revenues to the fund are from loan repayments, transfer of General Fund appropriations and interest. The authority has the power to issue bonds or other obligations which would provide further revenue to the fund. Expenditures are made for loans to minority business enterprises and for operating expenses of the authority.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 3,493	\$ 4,155	\$ 2,094
Receipts:			
Loan Principal and Interest Repayments.....	\$ 1,186	\$ 491	\$ 1,025
Interest.....	309	10	9
Other.....	6	8	15
Total Receipts	<u>1,501</u>	<u>509</u>	<u>1,049</u>
Total Funds Available	\$ 4,994	\$ 4,664	\$ 3,143
Disbursements:			
Community and Economic Development.....	\$ 839	\$ 2,570	\$ 1,271
Total Disbursements	<u>-839</u>	<u>-2,570</u>	<u>-1,271</u>
Cash Balance, Ending	\$ 4,155	\$ 2,094	\$ 1,872

Motor Vehicle Transaction Recovery Fund

This fund was created by Act 83 of 1990 to provide protection from dealers or other agents who fail to forward fees and taxes pertaining to an application for titling or registration of a vehicle to the Department of Transportation. Revenues to the fund consist of assessments (or reassessments should the balance of the fund fall below \$500,000) on every applicant for motor vehicle dealer registration plates or for the authority to act as agent of the department with respect to vehicle titling and registration.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 1,846	\$ 2,127	\$ 2,091
Receipts:			
Titling & Registration Fees.....	\$ 50	\$ 40	\$ 40
Interest	231	4	4
Total Receipts	<u>281</u>	<u>44</u>	<u>44</u>
Total Funds Available	\$ 2,127	\$ 2,171	\$ 2,135
Disbursements:			
Transportation.....	\$ 0	\$ 80	\$ 80
Total Disbursements	<u>0</u>	<u>-80</u>	<u>-80</u>
Cash Balance, Ending	\$ 2,127	\$ 2,091	\$ 2,055

Municipal Pension Aid Fund

This fund was created by Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, and is administered by the Auditor General. Beginning in July 1985, this fund receives a portion of the revenues from the Foreign Casualty Insurance Premium Tax and the Foreign Fire Insurance Premium Tax. These revenues and earnings are for distribution to municipalities for various municipal, police and fire pension funds, including post-retirement adjustments mandated by Act 147 of 1988. Beginning in 2005-06, fund disbursements include additional post-retirement adjustments according to the provisions of Act 64 of 2002.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 224,404	\$ 355,810	\$ 300,539
Receipts:			
Foreign Casualty Insurance Premium Tax.....	\$ 359,406	\$ 295,000	\$ 230,000
Foreign Fire Insurance Premium Tax.....	10,625	10,800	10,700
Interest	390	500	500
Total Receipts	370,421	306,300	241,200
Total Funds Available	\$ 594,825	\$ 662,110	\$ 541,739
Disbursements:			
Auditor General.....	\$ 239,013 ^a	\$ 361,561 ^b	\$ 300,000 ^c
Treasury.....	2	10	10
Total Disbursements	-239,015	-361,571	-300,010
Cash Balance, Ending	\$ 355,810	\$ 300,539	\$ 241,729

^aIncludes post-retirement payment of \$2,648,560 as authorized by Act 147 of 1988 and \$7,805,473 per Act 64 of 2002.

^bIncludes post-retirement payment of \$2,488,533 as authorized by Act 147 of 1988 and \$8,137,062 per Act 64 of 2002.

^cIncludes post-retirement payment of \$2,350,000 as authorized by Act 147 of 1988 and \$8,100,000 per Act 64 of 2002.

Municipalities Financial Recovery Revolving Aid Fund

This fund was created by Act 157 of 1988 to make loans and grants to assist municipalities that are declared financially distressed. Initial funding was provided through the transfer of unused funds remaining from a 1986-87 General Fund appropriation for Distressed Community Emergency Aid. In addition, Act 157 stipulated that all repayments on loans made from the fund should be redeposited into the fund and used to make additional loans and grants to distressed municipalities. Act 58 of 1996 transferred this program from the Department of Community Affairs to the Department of Community and Economic Development.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 5,141	\$ 4,603	\$ 1,496
Receipts:			
Transfers In.....	\$ 934	\$ 925	\$ 2,600
Loan Repayments.....	496	150	390
Interest	596	11	250
Total Receipts	<u>2,026</u>	<u>1,086</u>	<u>3,240</u>
Total Funds Available	\$ 7,167	\$ 5,689	\$ 4,736
Disbursements:			
Community and Economic Development			
Program Fees.....	\$ 2,388	\$ 2,677	\$ 2,110
Loans.....	0	400	340
Grants.....	176	1,116	750
Total Disbursements	<u>-2,564</u>	<u>-4,193</u>	<u>-3,200</u>
Cash Balance, Ending	\$ 4,603	\$ 1,496	\$ 1,536

Non-Coal Surface Mining Conservation and Reclamation Fund

This fund was created by Act 219 of 1984 to finance reclamation projects on land scarred by non-coal surface mining. Projects include recontouring, terracing and planting trees, shrubs and grasses. Revenues are provided by charging non-coal surface mining operators for licenses and permits and by fining them for failing to apply for the licenses and permits as well as by forfeiture of collateral bonds, cash or securities for failure to comply with an approved reclamation plan.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 12,987	\$ 13,240	\$ 8,984
Receipts:			
Licenses and Fees.....	\$ 313	\$ 282	\$ 282
Penalties.....	148	185	185
Interest.....	1,811	300	300
Collateral.....	193	0	0
Payment in Lieu of Bonds.....	75	51	51
Forfeiture of Bonds.....	10	0	0
Total Receipts	<u>2,550</u>	<u>818</u>	<u>818</u>
Total Funds Available	\$ 15,537	\$ 14,058	\$ 9,802
Disbursements:			
Environmental Protection	\$ 2,297	\$ 5,074	\$ 2,252
Total Disbursements	<u>-2,297</u>	<u>-5,074</u>	<u>-2,252</u>
Cash Balance, Ending	\$ 13,240	\$ 8,984	\$ 7,550

Nutrient Management Fund

This fund was created under the authority of Act 6 of 1993 to fund loans and grants for the implementation of nutrient management plans by agricultural operations. Revenue comes from commonwealth and federal appropriations, interest, loan repayments and gifts. Act 18 of 1995 transferred some responsibilities for the Nutrient Management Program from the Department of Environmental Protection to the Department of Agriculture.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 1,176	\$ 1,313	\$ 716
Receipts:			
Transfer from General Fund.....	\$ 2,741	\$ 2,714	\$ 2,714
Interest.....	20	1	1
Fees.....	78	60	60
Fines	12	20	20
Total Receipts	<u>2,851</u>	<u>2,795</u>	<u>2,795</u>
Total Funds Available	\$ 4,027	\$ 4,108	\$ 3,511
Disbursements:			
Agriculture	\$ 745	\$ 830	\$ 755
Environmental Protection	1,969	2,562	2,073
Total Disbursements	<u>-2,714</u>	<u>-3,392</u>	<u>-2,828</u>
Cash Balance, Ending	\$ 1,313	\$ 716	\$ 683

Oil and Gas Lease Fund

Created in 1955, this fund is used to finance conservation, recreation, dams or flood control projects or to match any federal grants made for these purposes. Revenues are derived from rents and royalties from oil and gas leases of commonwealth owned land with the exception of rents and royalties from land owned by either the Pennsylvania Game or Fish and Boat Commissions. Those revenues are paid into the Game and Fish Funds. Act 50 of 2009 provides \$50 million for an annual appropriation from the fund to the Department of Conservation and Natural Resources. In addition, any monies above the \$50 million must be specifically appropriated by the General Assembly. Act 46 of 2010 authorized a transfer of \$180 million to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 217,763	\$ 46,226	\$ 27,142
Receipts:			
Rents and Royalties.....	\$ 30,879	\$ 60,000	\$ 56,911
Interest.....	1,584	500	500
Other.....	2	0	0
Total Receipts	<u>32,465</u>	<u>60,500</u>	<u>57,411</u>
Total Funds Available	\$ 250,228	\$ 106,726	\$ 84,553
Disbursements:			
Conservation and Natural Resources.....	\$ 24,002	\$ 64,584 ^a	\$ 50,000
State Parks.....	0	15,000	19,511
Transfer to the General Fund.....	180,000	0	0
Total Disbursements	<u>-204,002</u>	<u>-79,584</u>	<u>-69,511</u>
Cash Balance, Ending	\$ 46,226	\$ 27,142	\$ 15,042

^aIncludes \$50,000,000 available from FY2011-12 Rents and Royalties and \$14,584,000 remaining available from prior years.

Patient Safety Trust Fund

Act 13 of 2002, known as the Medical Care Availability and Reduction of Error Act, established the Patient Safety Trust Fund for the purpose of independent review of medical facilities which will result in ensuring patient safety and reducing medical errors. Revenue to the fund includes a surcharge on medical facility licensing fees. These fees are assessed by the Department of Health, deposited in the General Fund and transferred to the Patient Safety Fund. The Patient Safety Authority established by Act 13 contracts with entities who collect, analyze and evaluate data regarding reports of serious events and incidents at medical facilities and identify patterns in frequency or severity at individual medical facilities or in certain regions of this commonwealth. The FY2012-13 budget proposes to transfer the Patient Safety Trust Fund to the Department of Health as part of the Streamlining Government initiative.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 5,625	\$ 6,535	\$ 5,121
Receipts:			
Surcharges.....	\$ 5,780	\$ 5,800	\$ 7,296
Contract/Grants.....	0	0	1,250
Interest	104	14	14
Total Receipts	5,884	5,814	8,560
Total Funds Available	\$ 11,509	\$ 12,349	\$ 13,681
Disbursements:			
Patient Safety Authority.....	\$ 4,974	\$ 7,228	\$ 0
Department of Health.....	0	0	6,500
Total Disbursements	-4,974	-7,228	-6,500
Cash Balance, Ending	\$ 6,535	\$ 5,121	\$ 7,181

Pennsylvania Economic Revitalization Fund

The Pennsylvania Economic Revitalization Fund (PERF) was created by Act 104 of 1984 as a three-year \$190 million program financed through a bond issue authorized by the electorate. The fund was formally established in the 1988-89 budget as an economic development fund and authorization for the fund was eliminated in 1995-96. Activity continues because of the long-term nature of existing projects. Upon completion of project activity, the remaining balance in this fund will be transferred to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 5,474	\$ 913	\$ 1,341
Receipts:			
Loan Repayments.....	\$ 822	\$ 428	\$ 1,650
Interest.....	17	0	0
Total Receipts.....	839	428	1,650
Total Funds Available	\$ 6,313	\$ 1,341	\$ 2,991
Disbursements:			
Transfer to General Fund.....	\$ 5,400	\$ 0	\$ 1,000
Conservation and Natural Resources.....	0	0	0
Total Disbursements.....	-5,400	0	-1,000
Cash Balance, Ending	\$ 913	\$ 1,341	\$ 1,991

Pennsylvania Economic Revitalization Sinking Fund

Payment of interest and principal due on outstanding economic revitalization bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest earned in this fund and interest earned in and transferred from the Pennsylvania Economic Revitalization Fund provide revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 503	\$ 505	\$ 506
Interest on Securities.....	0	0	0
Total Receipts	<u>503</u>	<u>505</u>	<u>506</u>
Total Funds Available	\$ 503	\$ 505	\$ 506
Disbursements:			
Treasury.....	\$ 503	\$ 505	\$ 506
Total Disbursements	<u>-503</u>	<u>-505</u>	<u>-506</u>
Cash Balance, Ending	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

Pennsylvania Gaming Economic Development and Tourism Fund

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, established the Pennsylvania Gaming Economic Development and Tourism Fund (GEDTF) to receive a daily assessment of 5 percent of each licensed gaming entity's gross terminal revenue. Proceeds of the fund are distributed through specific enacted capital budgets. Funds for economic development and tourism projects in Philadelphia and Allegheny counties were authorized in Act 53 of 2007. In addition, pursuant to Act 63 of 2008, GEDTF proceeds can be used to fund debt service for water and sewer projects, flood control projects, and high hazard unsafe dam projects located elsewhere in Pennsylvania as approved by the Commonwealth Financing Authority.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 83,015	\$ 72,464	\$ 67,132
Receipts:			
Gross Terminal Revenue Assessments.....	\$ 117,256	\$ 116,311	\$ 120,792
Build America Bonds Federal Interest Subsidy.....	9,497	9,497	10,096
Interest.....	245	253	231
Total Receipts	126,998	126,061	131,119
Total Funds Available	\$ 210,013	\$ 198,525	\$ 198,251
Disbursements:			
Community and Economic Development.....	\$ 106,825	\$ 97,500	\$ 101,200
General Services.....	164	96	5,486 ^a
Transfer to Commonwealth Financing Authority.....	30,560	33,797	43,020
Total Disbursements	-137,549	-131,393	-149,706
Cash Balance, Ending	\$ 72,464	\$ 67,132	\$ 48,545

^a Includes a \$4.949M remaining pledge installment owed by a casino operator that is due on April 1, 2012. This installment amount is illustrated due to cashflow timing and is not expected to be paid by this fund or any other commonwealth fund.

Pennsylvania Historical and Museum Commission Trust Fund

This fund, created by Act 113 of 1931, is administered by the Governor, Auditor General, State Treasurer and the Pennsylvania Historical and Museum Commission. The interest received from investment of the \$33,000 perpetual endowment to this fund in bonds of the commonwealth or any of its political subdivisions is credited to the fund. Interest earned on investments is used for the restoration, maintenance and improvement of the Cornwall Charcoal Furnace, Cornwall Borough, Lebanon County.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 161	\$ 182	\$ 183
Receipts:			
Interest	\$ 21	\$ 1	\$ 0
Total Receipts	21	1	0
Total Funds Available	\$ 182	\$ 183	\$ 183
Disbursements:			
Historical and Museum Commission.....	\$ 0	\$ 0	\$ 0
Total Disbursements	0	0	0
Cash Balance, Ending	\$ 182	\$ 183	\$ 183

Pennsylvania Infrastructure Bank

This fund was established by Act 57 of 1997 to make loans to, or enter into leases with, qualified borrowers to finance the costs of transportation projects. Acts 165 and 7A of 2004 expanded this program to include financing of rail freight infrastructure. Receipts are derived from loan repayments and interest earnings.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 48,008	\$ 58,892	\$ 42,214
Receipts:			
Loan Repayments.....	\$ 15,962	\$ 13,828	\$ 17,050
Interest	7,101	116	116
Total Receipts	23,063	13,944	17,166
Total Funds Available	\$ 71,071	\$ 72,836	\$ 59,380
Disbursements:			
Transportation.....	\$ 12,179	\$ 30,622	\$ 30,000
Total Disbursements	-12,179	-30,622	-30,000
Cash Balance, Ending	\$ 58,892	\$ 42,214	\$ 29,380

Pennsylvania Municipal Retirement Fund

Act 15 of 1974 created the Pennsylvania Municipal Retirement System which replaced the Municipal Employees Retirement Law and the Municipal Police Retirement Law and combined all employees covered under both into a state-related municipal system. The fund established under Act 15 provides for payment of retirement allowances to officers, employees, firemen and police of political subdivisions (counties, cities, boroughs and townships of the first and second class). Any municipality may elect by ordinance to join the system. Revenues are generated from the contributions of the members of the system and investment earnings. The board established has control over the system's operation. The net investment adjustment shown below is to reflect carrying value of long-term investments as of June 30. A municipality may, upon meeting the requirements set forth in Act 15, elect to withdraw from participation in this fund. Withdrawals may substantially increase the level of disbursements reflected in this presentation.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Total Cash Balance, Beginning	\$ 1,307,601	\$ 1,596,554	\$ 1,523,888
Receipts:			
Contributions.....	\$ 63,969	\$ 70,134	\$ 77,147
Interest.....	75,184	18,380	19,483
Net Investment Adjustment.....	217,019	-90,338	69,166
Total Receipts	<u>356,172</u>	<u>-1,824</u>	<u>165,796</u>
Total Funds Available	\$ 1,663,773	\$ 1,594,730	\$ 1,689,684
Disbursements:			
Treasury.....	\$ 7	\$ 34	\$ 34
Municipal Retirement Board.....	67,212	70,808	74,348
Total Disbursements	<u>-67,219</u>	<u>-70,842</u>	<u>-74,382</u>
Cash Balance, Ending	\$ 1,596,554	\$ 1,523,888	\$ 1,615,302

Pennsylvania Race Horse Development Fund

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, established the Pennsylvania Race Horse Development Fund to support and advance the commonwealth's horse racing industry. Operating tracks receive a daily assessment as determined by the Department of Revenue. The daily assessment from each licensed gaming entity is based on a formula established in the Act, which is capped at 12 percent of an entity's gross terminal revenue for that day. Proceeds are distributed to licensees conducting live horse racing. Track owners deposit 80 percent of the proceeds into a purse account. Thoroughbred tracks commit the remaining proceeds to the Breeders' Fund and a Horseman's Organization Fund. Standardbred tracks commit proceeds to the Sire Stakes Fund, the Pennsylvania Standardbred Breeders Development Fund, and a Horsemen's Organizational Fund. Act 1 of 2010 provides for a transfer from the Pennsylvania Race Horse Development Fund to the General Fund for fiscal years 2009-10 through 2012-13. This budget proposes a transfer to the Agricultural College Land Scrip Fund and other spending in the Department of Agriculture in FY 2012-13.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 4,100	\$ 4,881	\$ 0
Receipts:			
Assessments.....	\$ 274,805	\$ 277,139	\$ 287,800
Interest.....	21	16	16
Total Receipts	<u>274,826</u>	<u>277,155</u>	<u>287,816</u>
Total Funds Available	\$ 278,926	\$ 282,036	\$ 287,816
Disbursements:			
Revenue.....	\$ 226,717	\$ 234,096	\$ 166,544
Agriculture.....	0	0	27,605
Transfer to Agricultural College Land Scrip Fund.....	0	0	44,737
Transfer to the General Fund.....	47,328	47,940	48,930
Total Disbursements	<u>-274,045</u>	<u>-282,036</u>	<u>-287,816</u>
Cash Balance, Ending	\$ 4,881	\$ 0	\$ 0

Pennsylvania Veterans Memorial Trust Fund

Act 60 of 1988 established this fund to be administered by the Pennsylvania Veterans Memorial Commission. Revenues come from General Fund appropriations and public or private contributions. Funds were expended to erect a monument to Pennsylvania Veterans who served in armed conflicts in which the United States was a participant. Act 63 of 2002 expanded the use of this fund to operation and maintenance of the memorial.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget
Cash Balance, Beginning	\$ 332	\$ 349	\$ 258
Receipts:			
Public/Private Donations.....	9	20	20
Refunds.....	2	0	0
Interest	42	1	1
Total Receipts	<u>53</u>	<u>21</u>	<u>21</u>
Total Funds Available	\$ 385	\$ 370	\$ 279
Disbursements:			
Military and Veterans Affairs.....	\$ 36	\$ 112	\$ 90
Total Disbursements	<u>36</u>	<u>112</u>	<u>90</u>
Cash Balance, Ending	\$ 349	\$ 258	\$ 189

PENNVEST Bond Authorization Fund

This fund, created under the authority of Act 16 of 1988, receives the proceeds from the sale of bonds authorized by general referendum, transfers from the Water Facilities Loan Fund or from the Capital Facilities Fund for site development. Expenditures are for transfers of funds to the PENNVEST Fund, the PENNVEST Drinking Water Revolving Fund, the PENNVEST Water Pollution Control Revolving Fund, the PENNVEST Revolving Fund or the PENNVEST Non-Revolving Equity Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 131	\$ 144	\$ 159
Receipts:			
Referendum Bonds.....	\$ 0	\$ 46,000	\$ 55,400
Interest.....	13	15	20
Total Receipts	<u>13</u>	<u>46,015</u>	<u>55,420</u>
Total Funds Available	\$ 144	\$ 46,159	\$ 55,579
Disbursements:			
Infrastructure Investment Authority:			
PENNVEST Fund	\$ 0	\$ 0	\$ 0
PENNVEST Non-Revolving Equity Fund.....	0	0	0
PENNVEST Revolving Fund.....	0	0	0
PENNVEST Drinking Water Revolving Fund.....	0	0	0
PENNVEST Water Pollution Control	0	0	0
Infrastructure Investment Authority.....	0	46,000	55,400
Total Disbursements	<u>0</u>	<u>-46,000</u>	<u>-55,400</u>
Cash Balance, Ending	\$ 144	\$ 159	\$ 179

PENNVEST Drinking Water Revolving Fund

This fund was created under the authority of Act 16 of 1988 to receive funds from the federal government to establish a revolving loan program for drinking water projects. Required matching state funds are transferred from the PENNVEST Bond Authorization Fund and the PENNVEST Fund. Because of the lag in receiving federal funds, cash is borrowed from other PENNVEST funds. Negative receipts reflect the repayment of these loans.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 50,813	\$ 56,970	\$ 40,307
Receipts:			
Bond Authorization Fund.....	\$ 0	\$ 0	\$ 0
PENNVEST Fund.....	-48	5,000	5,000
Federal Funds.....	62,101	107,831	76,857
Transfer from the Water Pollution Control Revolving Fund.....	0	20,000	20,000
Transfer from the Water&Sewer Systems Assist Bond Fund.....	399	0	0
Principal and Loan Interest Payments.....	25,342	27,000	27,000
Interest.....	6,119	1,230	1,000
Total Receipts	<u>93,913</u>	<u>161,061</u>	<u>129,857</u>
Total Funds Available	<u>\$ 144,726</u>	<u>\$ 218,031</u>	<u>\$ 170,164</u>
Disbursements:			
Infrastructure Investment Authority.....	\$ 87,756	\$ 177,724	\$ 162,857
Total Disbursements	<u>-87,756</u>	<u>-177,724</u>	<u>-162,857</u>
Cash Balance, Ending	<u>\$ 56,970</u>	<u>\$ 40,307</u>	<u>\$ 7,307</u>

PENNVEST Fund

This fund was created under the authority of Act 16 of 1988 to receive funds from sources other than the sale of general obligation bonds. These sources include appropriations from the General Fund, payments of revolving loans, interest received from revolving and non-revolving loans, investment income and the sale of assets. In addition to grants and loans for water and sewer projects, these funds can be used for administrative costs and matching funds for federal grants.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 233,367	\$ 221,846	\$ 109,576
Receipts:			
Revolving Loan Payments.....	\$ 95,767	\$ 30,630	\$ 30,000
Bond Authorization Fund.....	0	0	300
Transfer from Environmental Stewardship Fund.....	7,439	8,184	5,662
Interest.....	14,984	3,500	3,500
Total Receipts	<u>118,190</u>	<u>42,314</u>	<u>39,462</u>
Total Funds Available	\$ 351,557	\$ 264,160	\$ 149,038
Disbursements:			
Infrastructure Investment Authority:			
Grants.....	\$ 3,097	\$ 4,128	\$ 2,000
Administration.....	1,057	2,692	2,323
Growing Greener Grants.....	8,592	10,000	12,000
Revenue Bond Loan Pool.....	0	10	10
Revolving Loans and Administration.....	114,211	135,000	125,000
State Conditional Fund.....	2,754	2,754	3,000
Total Disbursements	<u>-129,711</u>	<u>-154,584</u>	<u>-144,333</u>
Cash Balance, Ending	\$ 221,846	\$ 109,576	\$ 4,705

PENNVEST Non-Revolving Equity Fund

This fund, created under the authority of Act 16 of 1988, receives moneys transferred from the PENNVEST Bond Authorization Fund. These funds are used for non-revolving loans authorized by the act. These non-revolving loans can be made to public or private entities for drinking water supply or sewer projects. Repayments of loans and interest are deposited in the PENNVEST Redemption Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 29	\$ 30	\$ 30
Receipts:			
Bond Authorization Fund.....	\$ 0	\$ 0	\$ 0
Interest.....	1	0	0
Total Receipts	<u>1</u>	<u>0</u>	<u>0</u>
Total Funds Available	<u>\$ 30</u>	<u>\$ 30</u>	<u>\$ 30</u>
Disbursements:			
Infrastructure Investment Authority.....	\$ 0	\$ 0	\$ 0
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	<u>\$ 30</u>	<u>\$ 30</u>	<u>\$ 30</u>

PENNVEST Redemption Fund

This fund, created under the authority of Act 16 of 1988, receives repayments of non-revolving loans and investment interest along with the annual appropriation from the General Fund for general obligation debt service. Revenues are used to pay debt service on general obligation bonds issued for PENNVEST.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 1,775	\$ 1,786	\$ 1,786
Receipts:			
Transfer from General Fund.....	\$ 5,123	\$ 5,707	\$ 5,516
Interest on Securities.....	2	0	0
Non-Revolving Loan Repayments.....	5,320	5,585	8,182
Total Receipts	<u>10,445</u>	<u>11,292</u>	<u>13,698</u>
Total Funds Available	<u>\$ 12,220</u>	<u>\$ 13,078</u>	<u>\$ 15,484</u>
Disbursements:			
Treasury.....	\$ 10,434	\$ 11,292	\$ 13,698
Total Disbursements	<u>-10,434</u>	<u>-11,292</u>	<u>-13,698</u>
Cash Balance, Ending	<u>\$ 1,786</u>	<u>\$ 1,786</u>	<u>\$ 1,786</u>

PENNVEST Revolving Fund

This fund, created under the authority of Act 16 of 1988, receives moneys transferred from the PENNVEST Bond Authorization Fund. Funds are used for revolving loans which can be made to public or private entities for drinking water supply or sewer projects. Repayments of loans and interest are deposited in the PENNVEST Fund. In FY 2006-07, funds were redirected to the PENNVEST Non-Revolving Equity Fund and other PENNVEST funds.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 35	\$ 35	\$ 35
Receipts:			
Bond Authorization Fund.....	\$ 0	\$ 0	\$ 0
Interest.....	0	0	0
Total Receipts	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 35	\$ 35	\$ 35
Disbursements:			
Infrastructure Investment Authority.....	\$ 0	\$ 0	\$ 0
Total Disbursements	<u>0</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	\$ <u>35</u>	\$ <u>35</u>	\$ <u>35</u>

PENNVEST Trustee Fund

This fund was created in Treasury by the Pennsylvania Infrastructure Investment Authority (PENNVEST) to record the accounting transactions of their trustee. The trustee will transfer the proceeds from the sale of Commercial Paper and Revenue Bonds to the Authority for loans to the public entities receiving State funds for construction projects.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 0	\$ 9	\$ 11
Receipts:			
Commercial Paper.....	\$ 84,400	\$ 100,000	\$ 100,000
Interest.....	9	2	2
Total Receipts	<u>84,409</u>	<u>100,002</u>	<u>100,002</u>
Total Funds Available	\$ 84,409	\$ 100,011	\$ 100,013
Disbursements:			
Infrastructure Investment Authority.....	\$ 84,400	\$ 100,000	\$ 100,000
Total Disbursements	<u>-84,400</u>	<u>-100,000</u>	<u>-100,000</u>
Cash Balance, Ending	\$ <u>9</u>	\$ <u>11</u>	\$ <u>13</u>

PENNVEST Water Pollution Control Revolving Fund

This fund was created under the authority of Act 16 of 1988 for funds received from the federal government to establish a revolving loan program for sewer projects. Required matching state funds are transferred from the PENNVEST Bond Authorization Fund and the PENNVEST Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 235,922	\$ 287,597	\$ 146,572
Receipts:			
PENNVEST Fund.....	\$ 1,621	\$ 13,580	\$ 17,611
Federal Funds.....	94,726	155,086	174,050
Bond Authorization Fund.....	0	0	0
Transfer from the Water&Sewer Systems Assist Bond Fund.....	731	0	0
Principal and Loan Interest Payments.....	97,853	93,000	93,000
Interest.....	32,276	4,600	4,600
Total Receipts	227,207	266,266	289,261
Total Funds Available	\$ 463,129	\$ 553,863	\$ 435,833
Disbursements:			
Infrastructure Investment Authority.....	\$ 175,532	\$ 407,291	\$ 431,821
Total Disbursements	-175,532	-407,291	-431,821
Cash Balance, Ending	\$ 287,597	\$ 146,572	\$ 4,012

Persian Gulf Conflict Veterans' Compensation Bond Fund

This fund was created by Act 29 of 2006 to receive and distribute the proceeds from the sale of \$20 million in bonds approved by the electorate in November of 2006. This money will be used for payments of compensation to Commonwealth veterans who were active in the Persian Gulf Theater of operations during the period from August 2, 1990 to August 31, 1991 and who have received the Southwest Asia Service Medal. The maximum compensation is \$525 except in the cases of death or if the veteran was a prisoner of war. In such instances the maximum compensation shall be \$5,000. Applications will be accepted until August 31, 2015.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget
Cash Balance, Beginning	\$ 3,481	\$ 3,070	\$ 2,070
Receipts:			
Sale of Bonds.....	\$ 0	\$ 0	\$ 0
Interest.....	11	7	7
Total Receipts	11	7	7
Total Funds Available	\$ 3,492	\$ 3,077	\$ 2,077
Disbursements:			
Military and Veterans Affairs.....	\$ 421	\$ 750	\$ 1,000
Total Disbursements	421	750	1,000
Cash Balance, Ending	\$ 3,071	\$ 2,327	\$ 1,077

Persian Gulf Conflict Veterans' Compensation Sinking Fund

Monies in this fund are used to redeem or pay interest on bonds issued for the Persian Gulf Conflict Veterans' Compensation Program. The annual appropriation from the General Fund for general obligation debt service provides revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 500	\$ 500	\$ 498
Total Receipts	500	500	498
Total Funds Available	\$ 500	\$ 500	\$ 498
Disbursements:			
Treasury.....	\$ 500	\$ 500	\$ 498
Total Disbursements	-500	-500	-498
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Pharmaceutical Assistance Fund

The revenue for the Pharmaceutical Assistance Fund (PACE) is received from the Lottery Fund and the Tobacco Settlement Fund. This fund provides a limited pharmaceutical assistance program for older Pennsylvanians who are 65 years of age or over and whose annual income does not exceed the maximum specified for program eligibility. Pharmaceutical product claims for the Department of Public Welfare's Special Pharmaceutical Benefits Program, disease specific programs in the Department of Health and the claims processing for the Auto Cat and the Worker's Compensation Security Fund programs in the Insurance Department are also processed through the PACE Fund. Funds not expended in the fiscal year in which they are appropriated are available for use in the following fiscal year. For additional information on the programs refer to the program descriptions in the Departments of Aging, Health, Insurance and Public Welfare.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 67,592	\$ 54,123	\$ 55,773
Receipts:			
Transfer from Lottery Fund	\$ 200,000	\$ 200,000	\$ 190,000
Transfer from Tobacco Settlement Fund	26,148	24,790	24,877
Interest	6,229	687	687
Disease Specific Programs.....	5,268	5,568	5,498
Special Pharmaceutical Services	53,187	58,423	65,696
State Workers' Insurance Fund	21	0	0
Auto Cat Program.....	1,116	793	793
Workers' Compensation Security Fund Program.....	3,768	2,900	2,900
Other	-50	0	0
Total Receipts	<u>295,687</u>	<u>293,161</u>	<u>290,451</u>
Total Funds Available	\$ 363,279	\$ 347,284	\$ 346,224
Disbursements:			
Treasury	\$ 0	\$ 5	\$ 5
Aging	244,373	223,822	244,799
Health	5,327 ^a	5,568 ^a	5,498 ^a
Insurance.....	3,379 ^a	3,693 ^a	3,693 ^a
Public Welfare	55,566 ^a	58,423 ^a	65,696 ^a
Labor and Industry	511 ^a	0 ^a	0 ^a
Total Disbursements	<u>-309,156</u>	<u>-291,511</u>	<u>-319,691</u>
Cash Balance, Ending	\$ 54,123	\$ 55,773	\$ 26,533

^a Expenditures from restricted accounts in the Department of Aging.

Philadelphia Regional Port Authority Fund

This authority was created by Act 50 of 1989 to acquire and operate the port facilities of the former Philadelphia Port Corporation. This fund handles payroll of the authority via transfer of funds by the authority from its private bank accounts. The authority is authorized to issue bonds to finance port improvements and may pledge its revenues to pay off such bonds.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 577	\$ 655	\$ 1,536
Receipts:			
Transfer from Philadelphia Regional Port Authority.....	\$ 8,375	\$ 9,000	\$ 8,400
Interest.....	2	1	15
Total Receipts	8,377	9,001	8,415
Total Funds Available	\$ 8,954	\$ 9,656	\$ 9,951
Disbursements:			
Philadelphia Regional Port Operations.....	\$ 8,299	\$ 8,120	\$ 8,400
Total Disbursements	-8,299	-8,120	-8,400
Cash Balance, Ending	\$ 655	\$ 1,536	\$ 1,551

Port of Pittsburgh Commission Fund

The Port of Pittsburgh Commission was created by Act 133 of 1992 to promote and encourage capital investment in port facilities and port-related projects within the port district encompassing Allegheny, Armstrong, Beaver, Butler, Clarion, Fayette, Greene, Lawrence, Washington and Westmoreland counties.

Act 140 of 2000 expanded the authority of the commission to allow for economic development projects, including certain recreation projects that are sponsored by third parties. Act 111 of 2001 added Indiana County, and Act 131 of 2006 added Blair County to the Port District.

Grants to the commission to support its operations, and previously to Allegheny County for port-related improvements, are deposited into this fund along with interest earnings from deposited funds. The commission also has the authority to issue bonds to finance port improvements and may pledge its revenues to pay off such bonds.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 4,757	\$ 5,567	\$ 5,150
Receipts:			
Transfer from General Fund.....	\$ 724	\$ 738	\$ 100
Federal Revenue.....	1,430	4,413	1,000
Loan Repayments.....	27	58	25
Interest	446	15	15
Total Receipts	2,627	5,224	1,140
Total Funds Available	\$ 7,384	\$ 10,791	\$ 6,290
Disbursements:			
Port of Pittsburgh Commission.....	\$ 1,817	\$ 5,641	\$ 2,000
Total Disbursements	-1,817	-5,641	-2,000
Cash Balance, Ending	\$ 5,567	\$ 5,150	\$ 4,290

Property Tax Relief Fund

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, created the Property Tax Relief Fund to provide local property and wage tax relief payments to school districts. The fund receives revenue from the State Gaming Fund representing the balance of money collected in the State Gaming Fund after other distributions. Act 1 of Special Session 1 of 2006, the Taxpayer Relief Act, further provides for the distribution of funds from the Property Tax Relief Fund to school districts. In addition, transfers are made to the State Lottery Fund for an expanded Property Rent Rebate Program and supplemental senior citizen tax reduction payments. The fiscal year ending balances include the Property Tax Relief Reserve Account and funding for property tax relief payments made in August and October each year.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 543,450	\$ 518,016	\$ 534,095
Receipts:			
Transfer from State Gaming Fund.....	\$ 756,152	\$ 785,200	\$ 828,100
Property Tax Relief Reserve Fund Loan Repayment.....	0	6,385	6,385
Interest.....	814	694	694
Total Receipts	<u>756,966</u>	<u>792,279</u>	<u>835,179</u>
Total Funds Available	\$ 1,300,416	\$ 1,310,295	\$ 1,369,274
Disbursements:			
Property Tax Relief Payments:			
Department of Education			
General Property Tax Relief.....	\$ 595,000	\$ 595,000	\$ 595,000
Sterling Act.....	21,500	17,100	17,100
Subtotal: Education Property Tax Relief Payments.....	<u>616,500</u>	<u>612,100</u>	<u>612,100</u>
Department of Revenue			
Expanded Prop Tax/Rent Rebate/Senior Tax Reductions.....	129,100	135,900	137,800
Cities and High-Burden.....	26,900	28,200	29,000
Subtotal: Revenue Property Tax Relief Payments.....	<u>156,000</u>	<u>164,100</u>	<u>166,800</u>
Total Property Tax Relief Disbursements.....	<u>772,500</u>	<u>776,200</u>	<u>778,900</u>
Transfer to State Lottery Fund			
Expanded Prop Tax/Rent Rebate/Senior Tax Reductions.....	9,900	0	0
Total Disbursements.....	<u>-782,400</u>	<u>-776,200</u>	<u>-778,900</u>
Cash Balance, Ending	\$ 518,016^a	\$ 534,095^b	\$ 590,374^c

^a 2010-11 Actual includes a balance of \$34,763,795 in the Property Tax Relief Reserve Account.

^b 2011-12 Available includes a balance of \$24,900,969 in the Property Tax Relief Reserve Account.

^c 2012-13 Estimated includes a balance of \$48,885,469 in the Property Tax Relief Reserve Account.

Public Transportation Assistance Fund

This fund was established by Act 26 of 1991 to help provide for the capital, asset maintenance and certain other transportation needs of the commonwealth's transit entities. Act 44 of 2007 revised the purpose of this fund by transferring programs to the new Public Transportation Trust Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 6,829	\$ 6,993	\$ 12,771
Receipts:			
PTAF Tax Revenues.....	\$ 171,111	\$ 176,300	\$ 174,900
Interest on Securities	41	27	27
Total Receipts	<u>171,152</u>	<u>176,327</u>	<u>174,927</u>
Total Funds Available	\$ 177,981	\$ 183,320	\$ 187,698
Disbursements:			
Transportation:			
Grants.....	\$ 154,868	\$ 154,738	\$ 160,689
Transfer to Public Transportation Trust Fund.....	16,120	15,811	16,938
Total Disbursements	<u>-170,988</u>	<u>-170,549</u>	<u>-177,627</u>
Cash Balance, Ending	\$ 6,993	\$ 12,771	\$ 10,071

Public Transportation Trust Fund

This fund was created by Act 44 of 2007 to provide dedicated funding for public transportation in the commonwealth. Revenues come from scheduled payments by the Pennsylvania Turnpike Commission, a portion of the Sales and Use Tax, and transfers from the Public Transportation Assistance Fund and the Lottery Fund. Monies in this fund are disbursed as grants to public transit agencies for operating costs (including Shared Ride and Free Transit for Older Pennsylvanians), capital and asset improvements, and programs of statewide significance.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 102,856	\$ 109,868	\$ 71,109
Receipts:			
Sales and Use Tax.....	\$ 388,788	\$ 417,600	\$ 417,700
Pennsylvania Turnpike Commission.....	250,000	250,000	250,000
Transfer from the Lottery Fund.....	88,199	89,610	91,268
Transfer from the Public Transportation Assistance Fund.....	16,120	15,811	16,938
Transfer from the Supplemental Public Transportation Assistance Account.....	5,324	0	0
Interest.....	12,322	2,000	1,500
Total Receipts.....	<u>760,753</u>	<u>775,021</u>	<u>777,406</u>
Total Funds Available	\$ 863,609	\$ 884,889	\$ 848,515
Disbursements:			
Transportation.....	\$ 753,741	\$ 813,780	\$ 812,899
Total Disbursements.....	<u>-753,741</u>	<u>-813,780</u>	<u>-812,899</u>
Cash Balance, Ending	\$ 109,868	\$ 71,109	\$ 35,616

Purchasing Fund

Created in 1933, this fund finances the purchase of materials, supplies, services and equipment by the Department of General Services and Executive Offices for use by other departments, boards and commissions. Salaries for the personnel administering the fund are paid by the fund. Revenue sources are periodic appropriations from the General Fund and reimbursements by other departments, boards and commissions for the materials and supplies provided them.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 38,967	\$ 31,266	\$ 19,718
Receipts:			
Reimbursements to General Services.....	\$ 342,055	\$ 304,879	\$ 336,870
Reimbursements to Executive Offices.....	59,779	80,000	80,000
General Fund Loan.....	0	7,000	7,000
Interest.....	84	79	94
Total Receipts	401,918	391,958	423,964
Total Funds Available	\$ 440,885	\$ 423,224	\$ 443,682
Disbursements:			
General Services.....	\$ 338,427	\$ 316,506	\$ 336,896
Executive Offices.....	56,892	80,000	80,000
Loan Repayment.....	14,300	7,000	7,000
Treasury.....	0	0	0
Total Disbursements	-409,619	-403,506	-423,896
Cash Balance, Ending	\$ 31,266	\$ 19,718	\$ 19,786

Real Estate Recovery Fund

This fund was established in 1980 to reimburse aggrieved persons any amounts unpaid from final judgements against any person licensed by the Real Estate Commission. Revenue is derived from additional fees paid by licensees, with interest on investments being retained by the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 479	\$ 373	\$ 324
Receipts:			
Additional License Fees.....	\$ 33	\$ 100	\$ 100
Interest	57	1	1
Total Receipts	90	101	101
Total Funds Available	\$ 569	\$ 474	\$ 425
Disbursements:			
State.....	\$ 196	\$ 150	\$ 150
Total Disbursements	-196	-150	-150
Cash Balance, Ending	\$ 373	\$ 324	\$ 275

Recycling Fund

This fund was created by Act 101 of 1988 to finance the planning, processing, resource recovery and recycling of solid waste. Revenue is generated by a fee on all waste disposed of in landfills or processed by resource recovery facilities. Expenditures are for recycling and planning grants, market and waste minimization studies, and public information and education activities throughout the commonwealth. Act 125 of 1998 allowed for up to \$1.5 million annually for five years of Recycling Fund money to finance the cleanup of illegally deposited waste on state forest and state park lands.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 52,325	\$ 53,503	\$ 42,778
Receipts:			
Recycling Fees.....	\$ 36,006	\$ 35,070	\$ 35,070
Fines and Penalties.....	0	3	3
Interest	7,346	1,000	1,000
Transfer from Hazardous Sites Cleanup Fund.....	1,000	0	0
Environmental Technology Loan Repayments and Interest.....	0	0	0
Total Receipts	44,352	36,073	36,073
Total Funds Available	\$ 96,677	\$ 89,576	\$ 78,851
Disbursements:			
Environmental Protection	\$ 43,174	\$ 46,798	\$ 38,263
Total Disbursements	-43,174	-46,798	-38,263
Cash Balance, Ending	\$ 53,503	\$ 42,778	\$ 40,588

Rehabilitation Center Fund

This fund was created by Act 55 of 1959 for the operation of the Hiram G. Andrews Rehabilitation Center and is funded from fees for services rendered by the center. Most of these services are rendered to vocational rehabilitation clients. The Department of Labor and Industry is pursuing diversification and privatization of services offered at the center. These plans include training enhancement for clients of the center and economic development opportunities for the Johnstown region.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 4,628	\$ 2,405	\$ 2,739
Receipts:			
Client Fees	\$ 16,926	\$ 18,500	\$ 19,709
Interest.....	11	6	6
Labor and Industry.....	1,438	1,700	1,857
Other.....	514	550	550
Total Receipts	18,889	20,756	22,122
Total Funds Available	\$ 23,517	\$ 23,161	\$ 24,861
Disbursements:			
Labor and Industry.....	\$ 21,112	\$ 20,422	\$ 21,500
Total Disbursements	-21,112	-20,422	-21,500
Cash Balance, Ending	\$ 2,405	\$ 2,739	\$ 3,361

Remining Financial Assurance Fund

Act 173 of 1992 authorized this fund to assist mine operators who qualify to purchase reclamation bonds or make payment in lieu of reclamation bonds. Revenues are the transfer of up to \$5 million from the Land and Water Development Fund and from in lieu of bond premium payments. Interest earnings are deposited in the Land and Water Development Sinking Fund. Expenditures from this fund occur only when mine operators default.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 3,096	\$ 3,308	\$ 3,234
Receipts:			
Interest transfer to Land and Water			
Sinking Fund.....	\$ -367	\$ -20	\$ -8
Interest.....	379	8	8
Other.....	91	0	0
Operator Annual Fee.....	110	111	111
Total Receipts	<u>213</u>	<u>99</u>	<u>111</u>
Total Funds Available	\$ 3,309	\$ 3,407	\$ 3,345
Disbursements:			
Environmental Protection	\$ 1	\$ 173	\$ 173
Total Disbursements	<u>-1</u>	<u>-173</u>	<u>-173</u>
Cash Balance, Ending	\$ 3,308	\$ 3,234	\$ 3,172

Rightful Owners' Claims Payment Fund

This fund was created by Act 45 of 2003 to make reimbursements and prompt payment of claims to an owner for a restitution payment previously held as unclaimed by any court, public corporation, public authority or instrumentality of the commonwealth, or by a public officer or political subdivision. Under the act, 5 percent of the funds transferred annually into the Treasury will be deposited into the Rightful Owners' Claims Payment Fund to create the capability to make a reimbursement in the event a claim is filed. The remaining ninety-five percent balance of the restitution monies that are annually escheated from the entities identified are to be deposited to the Crime Victims' Compensation Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 37	\$ 31	\$ 2
Receipts:			
Transfers from Unclaimed Property Accounts.....	\$ 159	\$ 195	\$ 199
Interest.....	<u>0</u>	<u>0</u>	<u>0</u>
Total Receipts	<u>159</u>	<u>195</u>	<u>199</u>
Total Funds Available	\$ 196	\$ 226	\$ 201
Disbursements:			
Treasury Payments to Claimants.....	\$ 165	\$ 224	\$ 191
Total Disbursements.....	<u>-165</u>	<u>-224</u>	<u>-191</u>
Cash Balance, Ending	\$ 31	\$ 2	\$ 10

School Employees' Retirement Fund

The Public School Employees' Retirement Fund provides for receipt and accounting of member and employer contributions, investment of those funds and payment of benefits to retired school employees.

According to the provisions of Act 29 of 1994, starting with the employer contribution payment for the third quarter of 1995 (school salaries paid from July 1, 1995 to September 30, 1995), employers defined as school entities (school districts, intermediate units, and area vocational technical schools) pay 100 percent of the employer share of contributions to the fund. The commonwealth pays school entities a portion of these costs from appropriated funds based on a statutory formula. Commonwealth contributions of the employer share for non-school entities are also paid from appropriated funds. These contributions are paid directly to the fund.

Earnings from investments provide additional revenue and pay for the expenses of the Public School Employees' Retirement Board. The board is responsible for management of the fund and payment of benefits. The employer contribution rate is determined by the fund's actuary and adopted by the board.

Act 40 of 2003 changed the retirement system's amortization, thereby lowering the employer contribution costs. Act 120 of 2010 amended the benefit structure for most new employees hired after July 1, 2011 and amended the funding provisions. Act 120 also established a new shared risk benefit plan.

The cash balance shown in the statement includes substantial investment assets. The net investment adjustment item is included to reflect the carrying value of long-term investments.

Statement of Cash Receipts and Disbursements

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 45,440,228	\$ 51,029,603	\$ 51,089,453
Receipts:			
Transfer from General Fund —			
Employer Contribution (non-school entities).....	\$ 2,917	\$ 5,000	\$ 7,000
Transfers from State Retirement System.....	11,039	10,000	10,000
Contributions of School Employees.....	976,659	1,025,000	1,057,000
Contributions of Employers.....	637,990	1,198,000	1,736,000
Interest on Securities.....	608	150	150
Net Investment Adjustment.....	9,206,622	3,584,000	3,601,000
Directed Commissions.....	300	1,000	1,000
Other.....	97,535	69,000	73,000
Total Receipts	10,933,670	5,892,150	6,485,150
Total Funds Available	\$ 56,373,898	\$ 56,921,753	\$ 57,574,603
Disbursements:			
Treasury	\$ 381	\$ 300	\$ 300
Public School Employees' Retirement Board	5,343,914	5,832,000	6,239,000
Total Disbursements	-5,344,295	-5,832,300	-6,239,300
Cash Balance, Ending	\$ 51,029,603	\$ 51,089,453	\$ 51,335,303

School Retirees' Health Insurance Fund

This fund was created by Act 9 of 2001. The fund is used to establish and maintain a reserve sufficient to pay the expected claims experience of the Health Options Program (HOP). The HOP is a Public School Employees' Retirement System (PSERS) sponsored voluntary health insurance program for the sole benefit of PSERS retirees, their spouses or surviving spouses, and their dependents. This presentation only reflects the activity of the claims reserve account. PSERS administers other activity through the fund which is not included herein. The revenue for HOP is from premiums paid by its participants for the benefit coverage they elect and, beginning in 2006, federal funds to subsidize Medicare Part D prescription drug benefits for HOP participants enrolled in that program. The May 2002 initial transfer consisted of funds paid in by those insured and associated investment revenue in the amount of \$27.340 million that had accumulated in the Public School Employees' Retirement Fund prior to the creation of the separate health insurance fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Interest.....	\$ 0	\$ 0	\$ 0
Insurance Claims.....	65,843	64,000	65,000
Total Receipts	65,843	64,000	65,000
Total Funds Available	\$ 65,843	\$ 64,000	\$ 65,000
Disbursements:			
School Employees' Retirement System.....	\$ 65,843	\$ 64,000	\$ 65,000
Total Disbursements	-65,843	-64,000	-65,000
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Self-Insurance Guaranty Fund

This fund was created by Act 44 of 1993, the Pennsylvania Workers' Compensation Act. The purpose of this fund is to pay claims arising from defaulting self-insurance employers and defaulting members of self-insurance pooling arrangements under the Workers' Compensation Act for injuries occurring on or after 10/30/93. The fund is maintained by assessments on self-insurers. Act 53 of 2000 provides for payments of claims resulting from injuries prior to 10/30/93 through a Prefund Account funded by transfers from the Workers' Compensation Administration Fund. Act 49 of 2001 limited annual transfers to the Prefund Account to \$3.8 million. The Prefund Account and the fund are administered by the Department of Labor and Industry.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 40,531	\$ 45,071	\$ 44,819
Receipts:			
Transfer from the Workmen's Compensation Fund...	\$ 2,652	\$ 1,980	\$ 1,650
Interest.....	4,878	1,052	1,052
Other.....	328	0	0
Total Receipts	7,858	3,032	2,702
Total Funds Available	\$ 48,389	\$ 48,103	\$ 47,521
Disbursements:			
Labor and Industry.....	\$ 3,318	\$ 3,284	\$ 5,000
Total Disbursements	-3,318	-3,284	-5,000
Cash Balance, Ending	\$ 45,071	\$ 44,819	\$ 42,521

Small Business First Fund

Act 67 of 1996 created the Small Business First Fund. The fund replaced the Air Quality Improvement Fund, Storage Tank Loan Fund and the Pennsylvania Capital Loan Fund. Balances and program commitments in those funds were transferred to the Small Business First Fund. The fund may receive transfers from the Minority Business Development Fund to facilitate its programs for small businesses. Act 50 of 2009 enabled the fund to transfer monies to the Machinery and Equipment Loan Fund in support of its activities.

This program provides low-interest loans for small businesses of 100 employees or less. Eligible projects include land and building acquisition and construction; machinery and equipment purchases; working capital; compliance with environmental regulations and municipal or commercial recycling. In addition, companies eligible to participate in this program are those impacted by the reduction in defense-related activities and those involved in exports, advanced technology and the hospitality industry.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 57,059	\$ 70,825	\$ 55,874
Receipts:			
Loan Repayments.....	\$ 19,752	\$ 17,838	\$ 18,000
Interest.....	6,727	1,347	1,400
Miscellaneous.....	0	0	5
Total Receipts	<u>26,479</u>	<u>19,185</u>	<u>19,405</u>
Total Funds Available	\$ 83,538	\$ 90,010	\$ 75,279
Disbursements:			
Transfer to General Fund.....	\$ 4,000	\$ 0	\$ 0
Treasury.....	0	10	5
Community and Economic Development			
Administration.....	574	2,620	1,806
Loans.....	8,139	31,506	26,500
Total Disbursements	<u>-12,713</u>	<u>-34,136</u>	<u>-28,311</u>
Cash Balance, Ending	\$ 70,825	\$ 55,874	\$ 46,968

Solid Waste-Resource Recovery Development Fund

Created in 1974, this fund provides financial assistance to municipalities in the planning, development, construction and operation of resource recovery and solid waste disposal facilities. Loans for new facilities are restricted to municipalities in seventh and eighth class counties. Revenue is provided through appropriations by the General Assembly and by the repayment of loans made to municipalities.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 634	\$ 439	\$ 440
Receipts:			
Interest.....	\$ 77	\$ 1	\$ 1
Total Receipts	<u>77</u>	<u>1</u>	<u>1</u>
Total Funds Available	\$ 711	\$ 440	\$ 441
Disbursements:			
Environmental Protection	\$ 272	\$ 0	\$ 0
Total Disbursements	<u>-272</u>	<u>0</u>	<u>0</u>
Cash Balance, Ending	\$ 439	\$ 440	\$ 441

Special Administration Fund

The purpose of this fund, administered by the Department of Labor and Industry, is to cover those administrative expenses of the Unemployment Compensation Law not properly and validly chargeable to the Administration Fund. The receipts of the fund are generated from interest and penalties collected from claimants and employers under provisions of the Unemployment Compensation Law. Act 5 of 2005 requires that all moneys in excess of \$200,000 in the fund, less encumbrances for litigation, shall be transferred by June 25th of each year to either the Unemployment Compensation Contribution Fund or the Job Training Fund or both.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 6,387	\$ 5,920	\$ 200
Receipts:			
Penalty and Interest Collections.....	\$ 5,358	\$ 5,983	\$ 6,053
Interest.....	175	10	10
Total Receipts	<u>5,533</u>	<u>5,993</u>	<u>6,063</u>
Total Funds Available	\$ 11,920	\$ 11,913	\$ 6,263
Disbursements:			
Transfer to Job Training Fund.....	\$ 6,000	\$ 3,600	\$ 3,600
Transfer to Unemployment Compensation Fund.....	0	8,113	2,463
Labor and Industry.....	0	0	0
Total Disbursements	<u>-6,000</u>	<u>-11,713</u>	<u>-6,063</u>
Cash Balance, Ending	\$ <u>5,920</u>	\$ <u>200</u>	\$ <u>200</u>

Special Juvenile Victim Compensation Fund

This fund was created in Act 46 of 2010. The purpose of the fund is to provide compensation to victims of juvenile crime in a county of the third class. If money in the Special Juvenile Victim Compensation Fund is not sufficient to make all of the payments required by the legislation, the payments shall be reduced for each victim on a pro rata basis. Revenue to the fund consists of funds transferred from the Crime Victim's Compensation Fund, appropriations, money from any other source and return on the money in the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning.....	\$ 0	\$ 1	\$ 0
Receipts:			
Transfer from Crime Victims' Compensation Fund.....	\$ 500	\$ 0	\$ 0
Interest.....	1	0	0
Total Receipts.....	<u>501</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 501	\$ 1	\$ 0
Disbursements:			
PA Commission on Crime and Delinquency-Victim Payments.	\$ 65	\$ 0	\$ 0
Return to Crime Victim's Compensation Fund.....	435	1	0
Total Disbursements.....	<u>-500</u>	<u>-1</u>	<u>0</u>
Cash Balance, Ending	\$ <u>1</u>	\$ <u>0</u>	\$ <u>0</u>

State College Experimental Farm Fund

Act 56, approved May 13, 1887, authorized the sale of the eastern and western experimental farms which were purchased with federal land grant monies in 1862. These farms were sold for \$17,000 in 1888 and the proceeds were placed in this fund to be invested in bonds of the commonwealth at 6 percent per annum with the interest serving as an ongoing revenue to this fund. Several times a year the interest earned is disbursed to the Pennsylvania State University.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 24	\$ 24	\$ 23
Receipts:			
Interest.....	\$ 3	\$ 0	\$ 0
Total Receipts	<u>3</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 27	\$ 24	\$ 23
Disbursements:			
Treasury.....	\$ 3	\$ 1	\$ 1
Total Disbursements	<u>-3</u>	<u>-1</u>	<u>-1</u>
Cash Balance, Ending	\$ 24	\$ 23	\$ 22

State Employees' Retirement Fund

This fund was created in 1923 to accumulate reserves for the payment of pensions to eligible former state employees. Money in this fund is used to pay retirement, disability and death benefits to members of the State Employees' Retirement System and their beneficiaries. Membership in the system is mandatory for most state employees and available to employees of non-state entities, such as the Pennsylvania State University, the Turnpike Commission, the Delaware River Port Authority and other public and quasi-public institutions authorized by the Retirement Code.

The fund receives revenue from employee contributions, employer contributions and income derived from its investment portfolio. Employer contributions are an actuarially determined percentage of payroll sufficient to fund current and future benefit payments. Investment income is used to credit interest to each member's account; to pay the administrative expenses of the retirement system; and to accumulate monies for the payment of future benefits. Management of the fund and payment of benefits are overseen by the State Employees' Retirement Board.

Act 40 of 2003 changed the retirement system's amortization period, thereby lowering the employer contribution costs. Act 120 of 2010 amended the benefit structure for most new employees hired after December 31, 2010 and amended the funding provisions. Act 120 also established a new shared risk benefit plan.

The cash balance shown in the statement includes substantial investment assets. The net investment adjustment item is to reflect the carrying value of long-term investments.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 23,540,317	\$ 25,485,844	\$ 25,804,594
Receipts:			
Contributions of Employees.....	\$ 362,987	\$ 357,000	\$ 364,000
Contributions of Employers.....	290,911	480,000	710,000
Transfer to Annuity Reserve Account.....	13,193	0	0
Income from Securities.....	2,794	327,000	331,000
Directed Commissions.....	105	0	0
Net Investment Adjustment.....	3,823,850	1,765,000	1,787,000
Total Receipts	<u>4,493,840</u>	<u>2,929,000</u>	<u>3,192,000</u>
Total Funds Available	\$ 28,034,157	\$ 28,414,844	\$ 28,996,594
Disbursements:			
Treasury.....	\$ 140	\$ 250	\$ 300
State Employees' Retirement System.....	2,548,173	2,610,000	2,732,000
Total Disbursements	<u>-2,548,313</u>	<u>-2,610,250</u>	<u>-2,732,300</u>
Cash Balance, Ending	\$ 25,485,844	\$ 25,804,594	\$ 26,264,294

State Gaming Fund

Act 71 of 2004, the Pennsylvania Race Horse Development and Gaming Act, established the State Gaming Fund to receive all license fees provided for in the act and 34 percent of the gross terminal revenue (GTR) generated by licensed gaming facilities. These monies are to be distributed annually to various programs as set forth in the act with the remainder being transferred to the Property Tax Relief Fund in order to provide property tax relief as required by Act 1 of Special Session 1 of 2006. Also licensed gaming facilities deposit an additional 4 percent of GTR into the fund for local share distributions where gaming facilities are located.

Act 1 of 2010 expanded gaming in the commonwealth to include table games and required licensed gaming facilities with table games to deposit an additional 2 percent of the gross table games revenue into the fund for local share distributions.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 213,888	\$ 194,230	\$ 155,794
Receipts:			
License Fees.....	\$ 10,000	\$ 5,000	\$ 0
State Tax Revenue.....	797,340	823,400	871,800
Licensee Deposit Accts.....	60,753	60,544	62,044
Local Share Assessment.....	144,808	151,100	160,000
Interest.....	501	387	387
Other	8,924	8,113	10,956
Total Receipts	<u>1,022,326</u>	<u>1,048,544</u>	<u>1,105,187</u>
Total Funds Available	\$ 1,236,214	\$ 1,242,774	\$ 1,260,981
Disbursements:			
Revenue			
Transfer to Compulsive and Problem Gambling Treatment Fund.....	\$ 5,756	\$ 4,590	\$ 4,800
Transfer to Compulsive and Problem Gambling Treatment Fund - Drug and Alcohol....	3,000	3,000	3,000
Payment in Lieu of Taxes:			
Conservation and Natural Resources.....	5,062	5,110	5,122
Fish and Boat Commission.....	17	40	40
Game Commission.....	3,475	3,479	3,515
Emergency Management			
Volunteer Company Grants.....	25,000	25,000	25,000
Gaming Control Board			
Local Law Enforcement Grants.....	201	2,000	2,000
Grantee Refunds Received.....	-139	0	0
Local Share Assessment Distribution.....			
Revenue.....	108,475	110,000	115,000
Community and Economic Development.....	67,656	75,000	75,000
Education.....	766	980	1,000
Administrative Appropriations			
Gaming Control Board.....	43,297	37,634	36,098
Revenue.....	7,409	12,867	9,501
State Police.....	15,054	20,861	20,117
Attorney General.....	803	1,219	1,011
Transfer to Property Tax Relief Fund.....	<u>756,152</u>	<u>785,200</u>	<u>828,100</u>
Total Disbursements	<u>-1,041,984</u>	<u>-1,086,980</u>	<u>-1,129,304</u>
Cash Balance, Ending	\$ 194,230^a	\$ 155,794^a	\$ 131,677^a

^a Ending cash balance includes the following restricted balances: 2010-11 Actual is \$112,658,000, 2011-12 Available is \$73,854,000 and 2012-13 Estimated is \$49,127,000.

State Insurance Fund

Act 227 of 1915 created this fund which finances expenditures related to the rebuilding, restoring or replacing of buildings, structures, equipment or other property owned by the commonwealth that have been damaged or destroyed by fire or other casualty. This includes natural or man-made disasters. Revenue is derived from interest earned by the fund, interest received from the Fire Insurance Tax Fund and from reimbursements by insurance companies. If needed, money may also be directly appropriated to this fund. Receipts of the fund include reimbursement from the commonwealth's excess insurance policy, which is responsible for damages for any occurrence in excess of \$1 million. This fund satisfies the requirements of the federal government for the Disaster Insurance Program.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 11,548	\$ 9,991	\$ 9,373
Receipts:			
Recovered Damages.....	\$ 0	\$ 1,990	\$ 400
Interest	1,642	397	350
Total Receipts	1,642	2,387	750
Total Funds Available	\$ 13,190	\$ 12,378	\$ 10,123
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 0
General Services.....	3,199	3,000	2,750
Total Disbursements	-3,199	-3,005	-2,750
Cash Balance, Ending	\$ 9,991	\$ 9,373	\$ 7,373

State Restaurant Fund

This fund was created by Act 259 of 1943 to finance the purchase and maintenance of equipment for the operation of the restaurant in the State Capitol as well as any other restaurants in other State Office Buildings. At present, the Capitol East Wing Cafeteria is the only restaurant operated through this fund. Revenue is derived from profit-sharing with the contracted vendor.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 1,522	\$ 1,505	\$ 1,192
Receipts:			
Revenue from Operations.....	\$ 20	\$ 34	\$ 1,500
Interest.....	199	3	3
Total Receipts	219	37	1,503
Total Funds Available	\$ 1,741	\$ 1,542	\$ 2,695
Disbursements:			
General Services.....	\$ 236	\$ 350	\$ 100
Total Disbursements	-236	-350	-100
Cash Balance, Ending	\$ 1,505	\$ 1,192	\$ 2,595

State School Fund

This fund was established in 1911 and is funded primarily by the sale of escheated estates and other nonpublic real estate and interest earnings of the Sinking Fund. Changes in the escheat law and lack of interest earnings from the Sinking Fund or investment of monies in the State School Fund have resulted in a low revenue level. The fund is active in only a limited sense.

The original purpose of the fund was to equalize educational advantages across the commonwealth; to provide advancements to school districts temporarily in need of aid; and to promote education in the conservation of natural resources, forestry, agriculture and other industrial pursuits. The law was amended in 1960 to change the purpose of the fund to equalization of educational opportunities, and to pay part of the cost of repair or alteration of local public school or state college buildings when required to satisfy requirements of the Department of Labor and Industry or other relevant governmental agencies. Currently, the State Board of Education periodically uses the interest earned to fund research and small projects.

Expenditures from the fund are made at the direction of the State Board of Education.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 586	\$ 661	\$ 653
Receipts:			
Interest.....	\$ 75	\$ 2	\$ 2
Sale Proceeds.....	0	0	0
Total Receipts	<u>75</u>	<u>2</u>	<u>2</u>
Total Funds Available	\$ 661	\$ 663	\$ 655
Disbursements:			
Education.....	\$ 0	\$ 10	\$ 0
Total Disbursements	<u>0</u>	<u>-10</u>	<u>0</u>
Cash Balance, Ending	\$ <u>661</u>	\$ <u>653</u>	\$ <u>655</u>

State Stores Fund

The State Stores Fund serves as the general operating fund for the Liquor Control Board. The Pennsylvania State Police receive funds for the enforcement of the Liquor Code. Prior to FY2012-13, the Department of Health received funds for alcohol abuse programs. Act 50 of 2010 created the Department of Drug and Alcohol Programs and requires that all drug and alcohol funding previously allocated to the Department of Health be transferred to the Department of Drug and Alcohol Programs.

This fund receives revenues from the sale of goods in State Liquor Stores, fees not credited to the Liquor License Fund, fines and penalties, losses and damages recovered, and loans from the General Fund to provide working capital. Expenditures cover all costs associated with the operation and administration of the Liquor Store System and enforcement of the Liquor Code. Surplus funds are transferred to the General Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ -52,900^a	\$ 23,337	\$ 40,374
Receipts:			
Fees, Fines and Penalties.....	\$ 13,923	\$ 13,952	\$ 13,952
Sale of Goods.....	1,583,784	1,662,269	1,745,382
Liquor/Sales Taxes.....	398,784	415,567	436,346
Recovered Losses and Damages.....	1,006	821	821
General Fund Loan.....	110,000	110,000	110,000
Interest.....	259	175	175
Total Receipts	<u>2,107,756</u>	<u>2,202,784</u>	<u>2,306,676</u>
Total Funds Available	\$ 2,054,856	\$ 2,226,121	\$ 2,347,050
Disbursements:			
Treasury.....	\$ 6	\$ 22	\$ 21
Health.....	1,050	1,674	0
Department of Drug and Alcohol Programs.....	0	0	1,674
Liquor Control Board	1,396,179	1,552,515	1,652,700
State Police.....	20,500	25,969	25,428
General Fund Loan Repayment.....	110,000	110,000	110,000
Transfer of Liquor/Sales Taxes to General Fund.....	398,784	415,567	436,346
Transfer of Profits to General Fund.....	105,000	80,000	80,000
Total Disbursements	<u>-2,031,519</u>	<u>-2,185,747</u>	<u>-2,306,169</u>
Cash Balance, Ending	\$ 23,337	\$ 40,374	\$ 40,881

^a The beginning balance was net of prior year disbursements of \$101,856,780 and receipts totalling \$3,766,500 posted but not yet paid by Treasury as of 06/30/10. The actual cash balance in Treasury was \$45,190,225.

State Treasury Armory Fund

Created in accordance with Act 92 of 1975, this fund receives monies derived from the sale of any armory building, armory site or other real estate. Funds are expended solely for the purchase of equipment, furniture and fixtures or for the construction of new armories in the Commonwealth.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Budget
Cash Balance, Beginning	\$ 3,141	\$ 3,086	\$ 2,293
Receipts:			
Armory Rentals.....	\$ 347	\$ 200	\$ 200
Sale of Armories and Land.....	401	400	400
Interest.....	323	7	7
Total Receipts	1,071	607	607
Total Funds Available	\$ 4,212	\$ 3,693	\$ 2,900
Disbursements:			
Military and Veterans Affairs.....	\$ 1,126	\$ 1,400	\$ 850
Total Disbursements	1,126	1,400	850
Cash Balance, Ending	\$ 3,086	\$ 2,293	\$ 2,050

State Worker's Insurance Fund

The State Worker's Insurance Fund (SWIF) was created by Act 338 of 1915 and operates within the Department of Labor and Industry. It is a self-sustaining fund providing workers' compensation insurance to employers, including those refused policies by private insurance firms. SWIF is subject to underwriting rules, classification and rates promulgated by rating bureaus authorized by the State Insurance Commissioner. Premium rates are established by them based on the history of accidents by industry. Administrative costs are paid from the fund including expenses related to Insurance Department and Auditor General examinations.

Act 68 of 1990 provides for the transfer of money from SWIF. Annual payments are made to the General Fund equal to the amount which would have been paid in taxes had SWIF been subject to taxes. The act also established an Advisory Council to recommend the amount of surplus in SWIF, if any, that could be distributed without jeopardizing its legal obligations to policy holders. If such a surplus exists, the SWIF Board may then recommend distribution of the surplus as refunds to current or former policyholders. The funds recommended by the board to be transferred or refunded to policyholders must be approved and appropriated by the General Assembly.

The net investment adjustment shown below is to reflect the current market value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 1,569,769	\$ 1,482,497	\$ 1,475,877
Receipts:			
Premiums.....	\$ 163,265	\$ 260,000	\$ 265,000
Interest.....	60,426	56,000	56,000
Net Investment Adjustment.....	13,406	0	0
Other.....	4,337	4,000	4,000
Total Receipts	241,434	320,000	325,000
Total Funds Available	\$ 1,811,203	\$ 1,802,497	\$ 1,800,877
Disbursements:			
Treasury.....	\$ 0	\$ 20	\$ 20
Labor and Industry.....	328,706	323,600	325,100
Premium Tax Payment to the General Fund.....	0	3,000	3,200
Total Disbursements	-328,706	-326,620	-328,320
Cash Balance, Ending	\$ 1,482,497	\$ 1,475,877	\$ 1,472,557

Storage Tank Fund

This fund was created by Act 32 of 1989 for the operation of an aboveground and underground storage tank regulation, registration and enforcement program. Revenues to the fund consist of registration and permit fees, fines, judgements, bond forfeitures, interest and recovered costs. Expenditures include the remediation of leaking underground storage tanks.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 10,144	\$ 11,988	\$ 9,610
Receipts:			
Registration Fees.....	\$ 3,105	\$ 3,117	\$ 3,107
Federal Funds - EPA.....	6,125	7,902	4,740
Fines and Penalties.....	571	625	625
Interest.....	967	28	15
Other.....	1,758	2,094	2,587
Total Receipts	<u>12,526</u>	<u>13,766</u>	<u>11,074</u>
Total Funds Available	\$ 22,670	\$ 25,754	\$ 20,684
Disbursements:			
Environmental Protection.....	\$ 10,682	\$ 16,144	\$ 12,882
Total Disbursements	<u>-10,682</u>	<u>-16,144</u>	<u>-12,882</u>
Cash Balance, Ending	\$ 11,988	\$ 9,610	\$ 7,802

Substance Abuse Education and Demand Reduction Fund

This fund was created by Act 198 of 2002 and amended by Act 36 of 2006. The purpose of the fund is to provide research-based approaches to prevention, intervention, training, treatment and education services to reduce substance abuse and to offer statewide programs to assist families in accessing those services. The fund also provides for statewide programs to educate employers, unions and employees about the dangers of substance abuse in the workplace and provide comprehensive drug-free workplace programs and technical resources for businesses. Revenue to the fund consists of assessments on individuals convicted, adjudicated delinquent or granted accelerated rehabilitative disposition and also those individuals who plead guilty or nolo contendere to either a violation of the Controlled Substance, Drug, Device and Cosmetic Act or a violation relating to driving under the influence of alcohol or controlled substance.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 10,841	\$ 13,086	\$ 8,120
Receipts:			
Assessments.....	\$ 3,543	\$ 3,655	\$ 3,655
Interest.....	1,330	220	220
Total Receipts.....	<u>4,873</u>	<u>3,875</u>	<u>3,875</u>
Total Funds Available	\$ 15,714	\$ 16,961	\$ 11,995
Disbursements:			
Executive Offices.....	\$ 2,274	\$ 8,487	\$ 7,396
Attorney General.....	354	354	354
Total Disbursements.....	<u>-2,628</u>	<u>-8,841</u>	<u>-7,750</u>
Cash Balance, Ending	\$ 13,086	\$ 8,120	\$ 4,245

Supplemental State Assistance Fund

This fund was created by Act 205 of 1984, the Municipal Pension Plan Funding Standard and Recovery Act, and is administered by the Auditor General. Under Act 205, the Auditor General is responsible for the administration of the Supplemental State Assistance Program, including disbursement of funds to distressed municipal pension systems based on certifications provided by the Public Employe Retirement Commission (PERC). Since 1989-90, revenues for the Supplemental State Assistance Fund have been provided entirely by General Fund appropriations. By statute, this program and fund terminated in 2003. The unspent balance within the fund shall be transferred to the General Fund.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 74	\$ 82	\$ 0
Receipts:			
Interest	\$ 8	\$ 1	\$ 0
Total Receipts	<u>8</u>	<u>1</u>	<u>0</u>
Total Funds Available	\$ 82	\$ 83	\$ 0
Disbursements:			
Auditor General.....	\$ 0	\$ 0	\$ 0
Transfer to the General Fund.....	0	83	0
Total Disbursements	<u>0</u>	<u>-83</u>	<u>0</u>
Cash Balance, Ending	\$ <u>82</u>	\$ <u>0</u>	\$ <u>0</u>

Surface Mining Conservation and Reclamation Fund

This fund was created in 1945 to finance reclamation projects on land scarred by surface mining. Projects include recontouring, terracing and planting of trees, shrubs and grasses. Revenues are provided by charging surface mining operators for licenses and permits and by fining them for failure to apply for the licenses and permits as well as by forfeiture of collateral bonds, cash or securities for failure to comply with an approved reclamation plan.

Statement of Cash Receipts and Disbursements:

	(Dollar Amounts in Thousands)		
	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 60,285	\$ 68,296	\$ 61,319
Receipts:			
Licenses and Fees.....	\$ 123	\$ 100	\$ 100
Fines and Penalties.....	282	285	285
Interest.....	8,567	1,250	1,250
Forfeiture of Bonds.....	247	0	0
Other.....	858	0	0
Total Receipts	<u>10,077</u>	<u>1,635</u>	<u>1,635</u>
Total Funds Available	\$ 70,362	\$ 69,931	\$ 62,954
Disbursements:			
Treasury.....	\$ 0	\$ 5	\$ 5
Environmental Protection.....	2,066	8,607	2,266
Total Disbursements	<u>-2,066</u>	<u>-8,612</u>	<u>-2,271</u>
Cash Balance, Ending	\$ <u>68,296</u>	\$ <u>61,319</u>	\$ <u>60,683</u>

Tax Note Sinking Fund

Monies in this fund are used solely for the payment of principal and interest on tax anticipation notes issued for the General Fund or the Motor License Fund. Repayment of tax anticipation notes must be accomplished before the end of the fiscal year in which the notes were issued.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 1,002,161	\$ 0	\$ 1,505,000
Premium on Sale of Notes.....	15,580	0	0
Interest on Securities.....	136	0	0
Total Receipts	<u>1,017,877</u>	<u>0</u>	<u>1,505,000</u>
Total Funds Available	\$ 1,017,877	\$ 0	\$ 1,505,000
Disbursements:			
Treasury.....	\$ 1,017,877	\$ 0	\$ 1,505,000
Total Disbursements	<u>-1,017,877</u>	<u>0</u>	<u>-1,505,000</u>
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Treasury Initiative Support Fund

This fund was created in 2009 as a vehicle to account for funding received in support of Treasury initiatives and to track spending as required by the various funding agreements. Treasury established the Keystone Home Energy Loan Program (HELP) in 2006 to offer affordable energy efficiency financing options to homeowners. These consumer loans are bundled and purchased as an investment into a Treasury investment pool. This program received funding to administer components of the Alternative Energy Act of July 9, 2008. It has also received funding to support the HELP loans, including funds for a geothermal energy component. Support received to assist a Micro Lending investment program is also included in this fund. In addition, Treasury has received independent foundation grants to develop a nationwide market to support the sale of energy efficiency loans and to make investments that promote energy efficiency improvements on college and university campuses in Pennsylvania.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning.....	\$ 6,415	\$ 17,215	\$ 16,610
Receipts:			
Program Funding.....	\$ 12,242	\$ 500	\$ 500
Interest.....	75	86	88
Total Receipts	<u>12,317</u>	<u>586</u>	<u>588</u>
Total Funds Available	\$ 18,732	\$ 17,801	\$ 17,198
Disbursements:			
Treasury.....	\$ 1,517	\$ 1,191	\$ 1,214
Total Disbursements.....	<u>-1,517</u>	<u>-1,191</u>	<u>-1,214</u>
Cash Balance, Ending	\$ 17,215	\$ 16,610	\$ 15,984

Tuition Account Guaranteed Savings Program Fund

Act 11 of 1992, amended by Act 58 of 2000, provided for the establishment of two programs for postsecondary educational savings. Both programs are administered by the Tuition Account Programs Bureau within the Treasury Department with oversight by the Tuition Account Programs Advisory Board. This fund offers a guaranteed rate of return tied to tuition inflation. Revenue is derived primarily from application fees, Tuition Account Guaranteed Savings Program contracts and investment income. Fund expenditures consist mainly of payments to educational institutions for tuition and administrative costs.

The ending fund balance shown in the statement includes substantial investment assets. The net investment adjustment receipt item is included to reflect the carrying value of long-term investments as of June 30. The Long-Term Investments (outside of Treasury) disbursement represents cash for investments purchased through various TAP fund investment managers.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 1,177,143	\$ 1,381,250	\$ 1,624,739
Receipts:			
Application Fees	\$ 936	\$ 1,084	\$ 1,105
Tuition Unit Purchases.....	163,948	188,777	191,442
Investment Earnings.....	32,092	38,081	38,842
Net Investment Adjustment.....	193,505	208,985	213,165
Other.....	339	380	387
Total Receipts	<u>390,820</u>	<u>437,307</u>	<u>444,941</u>
Total Funds Available	\$ 1,567,963	\$ 1,818,557	\$ 2,069,680
Disbursements:			
Treasury.....	\$ 186,713	\$ 193,818	\$ 197,694
Total Disbursements	<u>-186,713</u>	<u>-193,818</u>	<u>-197,694</u>
Cash Balance, Ending	\$ 1,381,250	\$ 1,624,739	\$ 1,871,986

Tuition Account Investment Program Fund

Act 11 of 1992, amended by Act 58 of 2000, provided for the establishment of two programs for postsecondary educational savings. Both programs are administered by the Tuition Account Programs Bureau within the Treasury Department with oversight by the Tuition Account Programs Advisory Board. The Tuition Account Investment Program, launched in July 2002, provides market-based investment returns and offers participants several investment options based on age, investment risk or socially responsible investments comprising a mix of equity and fixed income portfolios. Fund revenue is derived primarily from Tuition Account Investment Program contracts and investment income. Fund expenditures consist mainly of redemption of program contracts.

The cash balance shown in the statement includes substantial investment assets. The net investment adjustment item is included to reflect the carrying value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 721,802	\$ 975,076	\$ 1,248,812
Receipts:			
Tuition Investment Purchases.....	\$ 40,906	\$ 49,029	\$ 50,009
Net Investment Adjustment.....	253,385	273,654	279,128
Other.....	0	0	0
Total Receipts	<u>294,291</u>	<u>322,683</u>	<u>329,137</u>
Total Funds Available	\$ 1,016,093	\$ 1,297,759	\$ 1,577,949
Disbursements:			
Treasury.....	\$ 41,017	\$ 48,947	\$ 49,926
Total Disbursements	<u>-41,017</u>	<u>-48,947</u>	<u>-49,926</u>
Cash Balance, Ending	\$ <u>975,076</u>	\$ <u>1,248,812</u>	\$ <u>1,528,023</u>

Underground Storage Tank Indemnification Fund

The Storage Tank and Spill Prevention Act, Act 32 of 1989, as amended, established the Underground Storage Tank Indemnification Fund to administer a program to provide claim payments to owners and operators of underground storage tanks who incur liability for taking corrective action or for bodily injury or property damage caused by a release from underground storage tanks. Expenses for administration of the fund are also covered. The fund is administered by the Insurance Department in conjunction with a nine member Underground Storage Tank Indemnification Board.

Act 13 of 1998 established a new loan program to assist owners of regulated underground storage tanks to upgrade their underground storage tank systems to meet federal Environmental Protection Agency upgrade requirements or to remove them from service. Act 100 of 2000 expanded the upgrade loan program to include the removal of underground storage tanks. The act also established an environmental cleanup program and a pollution prevention program that are administered by the Department of Environmental Protection. The net investment adjustment is included to reflect the current market value of long-term investments as of June 30. A loan of \$100 million was made to the General Fund on October 15, 2002 in accordance with Act 91 of 2002.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 114,301	\$ 129,036	\$ 108,764
Receipts:			
Gallon Fee	\$ 54,133	\$ 52,000	\$ 54,000
Tank Capacity Fee	6,072	6,300	6,300
Investment Income	6,750	4,050	3,350
Net Investment Adjustment	6,845	0	0
Loan Repayments	56	45	0
Loan Repayment from General Fund	0	0	0
Miscellaneous Fees	1,365	1,885	250
Total Receipts	<u>75,221</u>	<u>64,280</u>	<u>63,900</u>
Total Funds Available	\$ 189,522	\$ 193,316	\$ 172,664
Disbursements:			
Treasury	\$ 2	\$ 13	\$ 10
Community and Economic Development	5	1,024	24
Environmental Protection	2,712	11,983	11,500
Insurance	57,767	71,532	68,984
Total Disbursements	<u>-60,486</u>	<u>-84,552</u>	<u>-80,518</u>
Cash Balance, Ending	\$ 129,036	\$ 108,764	\$ 92,146

Unemployment Compensation Benefit Payment Fund

Employers' and employees' contributions under the Unemployment Compensation Law are credited to the commonwealth's account in the Federal Unemployment Trust Fund. Requisitions of money from the Trust Fund for the payment of unemployment compensation benefits to eligible individuals are the revenue for the Unemployment Compensation Benefit Payment Fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Regular Unemployment Compensation			
Program.....	\$ 3,581,130	\$ 3,023,120	\$ 2,967,000
Federal Receipts in Transit ^a	11,726	9,900	9,700
Other.....	4,027,585	2,005,000	64,000
Total Receipts	<u>7,620,441</u>	<u>5,038,020</u>	<u>3,040,700</u>
Total Funds Available	<u>\$ 7,620,441</u>	<u>\$ 5,038,020</u>	<u>\$ 3,040,700</u>
Disbursements:			
Labor and Industry.....	\$ 7,620,441	\$ 5,038,020	\$ 3,040,700
Total Disbursements	<u>-7,620,441</u>	<u>-5,038,020</u>	<u>-3,040,700</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

^a Represents future receipts of funds from the federal government for checks issued to individual recipients.

Unemployment Compensation Contribution Fund

This fund was created to hold moneys collected from employers under the Unemployment Compensation Law and, except for refunds of collections or transfers to the Special Administration Fund, the moneys are transferred to the United States Treasury for credit to the commonwealth's account in the Federal Unemployment Trust Fund established under Section 904 of the Social Security Act.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 915	\$ 656	\$ 0
Receipts:			
Contributions of Employers			
and Employees.....	\$ 2,830,465	\$ 2,790,000	\$ 2,806,000
Other.....	980	970	970
Total Receipts	<u>2,831,445</u>	<u>2,790,970</u>	<u>2,806,970</u>
Total Funds Available	<u>\$ 2,832,360</u>	<u>\$ 2,791,626</u>	<u>\$ 2,806,970</u>
Disbursements:			
Labor and Industry.....	\$ 2,831,704	\$ 2,791,626	\$ 2,806,970
Total Disbursements	<u>-2,831,704</u>	<u>-2,791,626</u>	<u>-2,806,970</u>
Cash Balance, Ending	<u>\$ 656</u>	<u>\$ 0</u>	<u>\$ 0</u>

Uninsured Employers Guaranty Fund

This fund was created by Act 147 of 2006, amending the Pennsylvania Workers' Compensation Act. The purpose of this fund is to pay claimants, or their dependents, workers' compensation benefits where the employer liable for the payments failed to insure or self-insure its workers' compensation liability at the time the injuries took place. Funding will then be maintained by assessments on insurers and self-insured employers. Assessments are limited to 0.1% of the total compensation paid by all insurers or self-insured employers during the previous calendar year.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 1,420	\$ 95	\$ 1,571
Receipts:			
Assessments/Self-Insurer's Security.....	\$ 2,925	\$ 2,966	\$ 3,000
Transfer from Workmen's Compensation Admin Fund..	0	4,000	0
Interest.....	6	10	10
Total Receipts	2,931	6,976	3,010
Total Funds Available	\$ 4,351	\$ 7,071	\$ 4,581
Disbursements:			
Labor and Industry.....	\$ 4,256	\$ 5,500	\$ 4,500
Total Disbursements	-4,256	-5,500	-4,500
Cash Balance, Ending	\$ 95	\$ 1,571	\$ 81

Vocational Rehabilitation Fund

This fund, administered by the State Board of Vocational Rehabilitation in the Department of Labor and Industry, was created to provide vocational rehabilitation services to any person who has a disability, mental or physical, which constitutes a handicap to employment or to achieve independent living status. Services can be provided directly or through a purchase of service arrangement. Receipts for this fund come from federal vocational rehabilitation funds, transfer of General Fund appropriations for matching the federal funds, interest earned and local match.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 4,114	\$ 1,079	\$ 571
Receipts:			
Transfer from General Fund.....	\$ 40,473	\$ 40,473	\$ 39,056
Federal Vocational Rehabilitation Funds.....	140,631	156,480	137,299
Other.....	82	0	0
Interest.....	165	40	40
Total Receipts	181,351	196,993	176,395
Total Funds Available	\$ 185,465	\$ 198,072	\$ 176,966
Disbursements:			
Labor and Industry.....	\$ 184,386	\$ 197,481	\$ 176,395
Treasury.....	0	20	0
Total Disbursements	-184,386	-197,501	-176,395
Cash Balance, Ending	\$ 1,079	\$ 571	\$ 571

Volunteer Companies Loan Fund

Bond referenda in 1975, 1981, 1990 and 2002 authorized a total of \$100 million of bonds to be issued for acquisition and replacement of volunteer fire, ambulance and rescue company equipment and facilities. Act 208 of 1976 established a revolving loan fund known as the Volunteer Companies Loan Fund; loans provided for under these bond issues are administered by the Office of the State Fire Commissioner. Revenue to the fund in addition to bond proceeds includes loan repayments and interest earnings. General Fund transfer appropriations have also been provided to fund the program.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 36,469	\$ 46,263	\$ 51,485
Receipts:			
Loan Principal Repayments.....	\$ 16,494	\$ 16,000	\$ 16,000
Loan Interest.....	2,008	2,000	2,000
Interest.....	3,882	822	822
Delinquent Interest.....	11	0	0
Total Receipts	<u>22,395</u>	<u>18,822</u>	<u>18,822</u>
Total Funds Available	\$ 58,864	\$ 65,085	\$ 70,307
Disbursements:			
PEMA-Office of State Fire Commissioner.....			
Administration.....	\$ 0	\$ 0	\$ 250
Loans.....	12,601	13,600	17,500
Total Disbursements	<u>-12,601</u>	<u>-13,600</u>	<u>-17,750</u>
Cash Balance, Ending	\$ 46,263	\$ 51,485	\$ 52,557

Volunteer Companies Loan Sinking Fund

Monies in this fund are used to redeem or pay interest on bonds issued for the Volunteer Companies Loan Fund. The annual appropriation from the General Fund for general obligation debt service provides revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 82	\$ 541	\$ 983
Total Receipts	<u>82</u>	<u>541</u>	<u>983</u>
Total Funds Available	\$ 82	\$ 541	\$ 983
Disbursements:			
Treasury.....	\$ 82	\$ 541	\$ 983
Total Disbursements	<u>-82</u>	<u>-541</u>	<u>-983</u>
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Water and Sewer Systems Assistance Bond Fund

Act 64 of 2008, the Water and Sewer Systems Assistance Act and Act 50 of 2009 authorized a \$400 million bond issue, which was approved by referendum, to provide grants and loans to municipalities and public utilities for the acquisition, repair, construction, reconstruction, rehabilitation, extension, expansion and improvement of water supply and sewage treatment systems as well as the purchase or trading of nutrient credits.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 22,719	\$ 4,938	\$ 4,998
Receipts:			
Referendum Bonds.....	\$ 49,400	\$ 150,000	\$ 55,600
Premium or Discount on Sale of Bonds.....	-503	0	0
Other.....	-64	0	0
Interest.....	60	60	30
Total Receipts	<u>48,893</u>	<u>150,060</u>	<u>55,630</u>
Total Funds Available	\$ 71,612	\$ 154,998	\$ 60,628
Disbursements:			
Treasury.....	\$ 41	\$ 0	\$ 0
PENNVEST Drinking Water Revolving Fund.....	0	0	0
PENNVEST Water Pollution Control Rev. Fund.....	0	0	0
Infrastructure Investment Authority.....	66,632	150,000	53,600
Total Disbursements	<u>-66,674</u>	<u>-150,000</u>	<u>-53,600</u>
Cash Balance, Ending	\$ 4,938	\$ 4,998	\$ 7,028

Water and Sewer Systems Assistance Bond Sinking Fund

This fund will be established to redeem or pay interest on bonds issued for the Water and Sewer Systems Assistance program. The annual appropriation from the General Fund for general obligation debt service will provide revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 9,208	\$ 14,993	\$ 20,237
Total Receipts	<u>9,208</u>	<u>14,993</u>	<u>20,237</u>
Total Funds Available	\$ 9,208	\$ 14,993	\$ 20,237
Disbursements:			
Treasury.....	\$ 9,208	\$ 14,993	\$ 20,237
Total Disbursements	<u>-9,208</u>	<u>-14,993</u>	<u>-20,237</u>
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Water Facilities Loan Redemption Fund

Payment of interest and principal due on outstanding water facilities loan bonds is made from this fund. The annual appropriation from the General Fund for general obligation debt service and interest on monies in the Water Facilities Loan Fund provide revenues to this fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 1,852	\$ 1,850	\$ 1,846
Total Receipts	1,852	1,850	1,846
Total Funds Available	\$ 1,852	\$ 1,850	\$ 1,846
Disbursements:			
Treasury.....	\$ 1,852	\$ 1,850	\$ 1,846
Total Disbursements	-1,852	-1,850	-1,846
Cash Balance, Ending	\$ 0	\$ 0	\$ 0

Water Supply and Wastewater Treatment Fund

Act 218 of 2004 established the Water Supply and Wastewater Infrastructure Capitalization Program. Funding for the program is generated from the \$250 million bond issue approved by the electorate in April of 2004. Funds are allocated to the Commonwealth Financing Authority and the Infrastructure Investment Authority (PENNVEST) to be used for grants and loans for new and existing water supply and wastewater system projects in the commonwealth.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 25,373	\$ 32,049	\$ 2,011
Receipts:			
Sale of Bonds.....	\$ 20,275	\$ 0	\$ 25,000
Premium or Discount on Sale of Bonds.....	-58	0	0
Loan Repayment.....	3,279	3,000	3,250
Loan Interest.....	1,291	1,097	1,250
Interest.....	77	72	72
Total Receipts	24,864	4,169	29,572
Total Funds Available	\$ 50,237	\$ 36,218	\$ 31,583
Disbursements:			
Community & Economic Development - Public.....	\$ 11,519	\$ 21,680	\$ 22,513
Community & Economic Development - Private.....	4,896	9,215	2,488
Treasury - Bond Expense.....	13	14	20
Infrastructure Investment Authority.....	1,760	3,312	3,200
Total Disbursements	-18,188	-34,207	-28,200
Cash Balance, Ending	\$ 32,049	\$ 2,011	\$ 3,383

Water Supply and Wastewater Treatment Sinking Fund

Monies in this fund are used to redeem or pay interest on bonds issued for the Water Supply and Wastewater Treatment Program. The annual appropriation from the the General Fund for general obligation debt service provides revenues to the fund.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 0	\$ 0	\$ 0
Receipts:			
Transfer from General Fund.....	\$ 13,920	\$ 14,410	\$ 14,600
Total Receipts	<u>13,920</u>	<u>14,410</u>	<u>14,600</u>
Total Funds Available	<u>\$ 13,920</u>	<u>\$ 14,410</u>	<u>\$ 14,600</u>
Disbursements:			
Treasury.....	\$ 13,920	\$ 14,410	\$ 14,600
Total Disbursements	<u>-13,920</u>	<u>-14,410</u>	<u>-14,600</u>
Cash Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Wild Resource Conservation Fund

This fund was created by Act 170 of 1982. Revenue is derived primarily from tax rebate check-offs and voluntary contributions. The fund collects information relating to population, distribution, habitat needs, limiting factors and other biological and ecological data to classify plants and to determine necessary management measures. These management measures include promotion of a statewide system of private wild plant sanctuaries; permitting of removal, collection or transplanting of endangered or threatened plant species; and regulation of the digging, harvesting, sale and exploitation of designated species.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 328	\$ 187	\$ 130
Receipts:			
Tax Check-Offs.....	\$ 123	\$ 123	\$ 123
Interest.....	3	0	0
Voluntary Donations.....	2	2	2
License Plate Sales.....	-160	23	23
Other.....	5	6	6
Total Receipts	<u>-27</u>	<u>154</u>	<u>154</u>
Total Funds Available	<u>\$ 302</u>	<u>\$ 341</u>	<u>\$ 284</u>
Disbursements:			
Conservation and Natural Resources.....	\$ 115	\$ 211	\$ 267
Total Disbursements	<u>-115</u>	<u>-211</u>	<u>-267</u>
Cash Balance, Ending	<u>\$ 187</u>	<u>\$ 130</u>	<u>\$ 17</u>

Wireless E-911 Emergency Services Fund

Act 56 of 2003, the Public Safety Emergency Telephone Act, established the Wireless E-911 Emergency Services Fund to support a statewide integrated wireless E-911 plan. The fund is used to collect and deposit a surcharge collected by wireless service providers on a monthly basis, the proceeds of which are remitted to the fund quarterly. Up to 2 percent of annual surcharge proceeds can be used by the agency for administrative costs with the remaining available balance being used for approved county grants.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 7,815	\$ 7,313	\$ 3,244
Receipts:			
Surcharges	\$ 110,816	\$ 115,000	\$ 116,000
Interest.....	1,248	17	17
Other.....	2,895	1,500	1,500
Total Receipts	114,959	116,517	117,517
Total Funds Available	\$ 122,774	\$ 123,830	\$ 120,761
Disbursements:			
Emergency Management			
Administration.....	\$ 1,662	\$ 2,515	\$ 3,314
Grants.....	113,799	118,071	114,986
Total Disbursements	-115,461	-120,586	-118,300
Cash Balance, Ending	\$ 7,313	\$ 3,244	\$ 2,461

Workers' Compensation Security Fund

The purpose of this fund is payment of valid claims for compensation provided by the Workers' Compensation Act to individuals who are insured by an insolvent stock company. Expenses for administration of the fund are also covered.

Through June 30, 2000, payment equal to one percent of the net written premiums received for workers' compensation insurance policies written in the commonwealth by stock companies, mutual carriers and reciprocal exchanges during the preceding annual reporting period were credited to the fund. Such payments were required only if the balance less known liabilities of the fund was determined to be less than five percent of the loss reserves of all such companies for payments of benefits under the Workers' Compensation Act.

Act 49 of 2000 removed the statutory annual assessment procedures in conjunction with giving prudent person investment authority to the Insurance Commissioner jointly with the State Treasurer for the investment of moneys in the fund. This change was expected to generate increased earnings to the fund, thereby reducing the frequency of the assessment. The act requires the Insurance Department to manage the fund to maintain its actuarial soundness and a minimum balance of \$500 million as of December 31 of any given year. If the fund balance falls below \$500 million by calendar year end, the department will assess contributions to restore the balance in the fund in a timely manner.

The net investment adjustment shown below is to reflect the current market value of long-term investments as of June 30.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 570,004	\$ 603,369	\$ 614,364
Receipts:			
Assessments and Receipts	\$ 28,764	\$ 20,000	\$ 20,000
Interest	25,956	25,000	25,000
Net Investment Adjustment	13,086	0	0
Repayments from Other Funds	-1,500	0	0
Miscellaneous	1,139	1,000	1,000
Total Receipts	<u>67,445</u>	<u>46,000</u>	<u>46,000</u>
Total Funds Available	\$ 637,449	\$ 649,369	\$ 660,364
Disbursements:			
Treasury	\$ 0	\$ 5	\$ 5
Insurance	34,080	35,000	35,000
Total Disbursements	<u>-34,080</u>	<u>-35,005</u>	<u>-35,005</u>
Cash Balance, Ending	\$ 603,369	\$ 614,364	\$ 625,359

Workmen's Compensation Administration Fund

This fund was created by Act 2 of 1976 to finance the expenses of the Department of Labor and Industry in administering the Pennsylvania Workers' Compensation Act and the Pennsylvania Occupational Disease Act. Act 44 of 1993 and Act 57 of 1996 amended the Workers' Compensation Act, expanding the administrative responsibilities of the department. The fund is supported by annual assessments on insurers and self-insurers under the act. These administrative funds are approved by the legislature for expenditure through the appropriation process. Administrative funds are also provided to the Office of the Small Business Advocate (OSBA) through the Department of Community and Economic Development to represent the interests of the employers in workers' compensation rate filings before the Insurance Department.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 121,680	\$ 120,093	\$ 90,918
Receipts:			
Assessments.....	\$ 57,562	\$ 62,587	\$ 72,615
Interest.....	362	338	338
Fines and Penalties.....	87	20	20
Other.....	493	46	50
Total Receipts	58,504	62,991	73,023
Total Funds Available	\$ 180,184	\$ 183,084	\$ 163,941
Disbursements:			
Treasury.....	\$ 4	\$ 4	\$ 4
Community and Economic Development.....	335	199	194
Labor and Industry.....	59,752	91,967	75,896
Total Disbursements	-60,091	-92,166	-76,090
Cash Balance, Ending	\$ 120,093	\$ 90,918	\$ 87,851

Workmen's Compensation Supersedeas Fund

The purpose of this fund is to reimburse insurers for payments made by them to claimants under the Workers' Compensation Act who are later determined to be ineligible. The fund is maintained by annual assessments on insurers and self-insurers and is administered by the Department of Labor and Industry.

Statement of Cash Receipts and Disbursements:

(Dollar Amounts in Thousands)

	2010-11 Actual	2011-12 Available	2012-13 Estimated
Cash Balance, Beginning	\$ 9,587	\$ 7,298	\$ 1,090
Receipts:			
Assessments.....	\$ 15,020	\$ 16,407	\$ 22,635
Other.....	104	0	100
Interest.....	1,101	20	20
Total Receipts	<u>16,225</u>	<u>16,427</u>	<u>22,755</u>
Total Funds Available	<u>\$ 25,812</u>	<u>\$ 23,725</u>	<u>\$ 23,845</u>
Disbursements:			
Labor and Industry.....	\$ 18,514	\$ 22,635	\$ 22,000
Total Disbursements	<u>-18,514</u>	<u>-22,635</u>	<u>-22,000</u>
Cash Balance, Ending	<u>\$ 7,298</u>	<u>\$ 1,090</u>	<u>\$ 1,845</u>



Commonwealth of Pennsylvania

Governor's Executive Budget

COMPLEMENT

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COMPLEMENT

This section provides a summary by department of authorized salaried complement on a full-time equivalent (FTE) basis for the actual, available and budget years. It also provides a brief description by agency and appropriation of the changes recommended in the budget.

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**AUTHORIZED SALARIED COMPLEMENT BY AGENCY
FULL-TIME EQUIVALENT (FTE)**

The following is a summary, by department, of the commonwealth's authorized complement levels on a full-time equivalent (FTE) basis.

<i>Department</i>	<i>2010-11 Actual</i>	<i>2011-12 Available</i>	<i>2012-13 Budget</i>	<i>Difference Budget vs. Available</i>
Governor's Office	66	64	64	
Executive Offices	2,066	2,053	2,003	-50
Lieutenant Governor's Office	13	13	13	
Aging	97	97	97	
Agriculture	604	612	613	1
Banking and Securities	196	196	269	73
Civil Service Commission	140	137	133	-4
Community and Economic Development	320	294	308	14
Conservation and Natural Resources	1,389	1,389	1,375	-14
Corrections	16,180	16,157	15,965	-192
Drug and Alcohol Programs			76	76
Education	590	544	538	-6
Emergency Management Agency	161	188	192	4
Environmental Hearing Board	14	14	14	
Environmental Protection	2,839	2,770	2,759	-11
Fish & Boat Commission	432	432	432	
Game Commission	698	708	708	
General Services	1,138	1,061	999	-62
Health	1,529	1,491	1,463	-28
Historical and Museum Commission	200	217	209	-8
Infrastructure Investment Authority	30	29	29	
Insurance	317	309	289	-20
Labor and Industry	5,764	5,748	5,717	-31
Liquor Control Board	3,276	3,276	3,276	
Military and Veterans Affairs	2,312	2,285	2,218	-67
Milk Marketing Board	33	33	32	-1
Municipal Employees' Retirement	32	32	32	
Probation and Parole Board	1,173	1,228	1,244	16
Public Utility Commission	519	519	520	1
Public Welfare	17,858	17,048	16,903	-145
Revenue	2,128	2,128	2,012	-116
School Employees' Retirement System	310	310	310	
Securities Commission	79	84		-84
State	523	506	506	
State Employees' Retirement System	197	197	197	
State Police	6,359	6,370	6,390	20
Tax Equalization Board	15	15		-15
Transportation	11,876	11,876	11,876	
TOTAL ALL DEPARTMENTS	81,473	80,430	79,781	-649

Summary of 2012-13 Complement Changes

The following is a detailed listing, by department, of the recommended authorized salaried complement changes (on a full-time equivalent basis) for 2012-13. It reflects proposed eliminations, new positions and transfers between appropriations and agencies.

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
EXECUTIVE OFFICES		
General Fund:		
Juvenile Court Judges Commission.....	-1	Eliminated position.
Public Employee Retirement Commission.....	-7	TRANSFERRED: To Community and Economic Development (-5). Eliminated positions (-2).
Commonwealth Technology Services.....	-2	TRANSFERRED: To Emergency Management Agency.
Office of the Budget.....	-7	Eliminated positions.
Office of Administration.....	-8	TRANSFERRED: From Human Relations Commission (1). Eliminated positions (-9).
Human Relations Commission.....	-15	TRANSFERRED: To Office of Administration (1). Eliminated positions (-14).
General Fund Total	<u>-40</u>	
Federal Funds:		
Office of Homeland Security (F).....	-10	TRANSFERRED: To State Police (-6) and to Emergency Management Agency (-4).
DEPARTMENT TOTAL	<u>-50</u>	
AGRICULTURE		
General Fund:		
General Government Operations.....	<u>1</u>	TRANSFERRED: From Milk Marketing Board.
BANKING AND SECURITIES		
Banking Department Fund:		
General Government Operations.....	<u>73</u>	TRANSFERRED: From Securities Commission.
CIVIL SERVICE COMMISSION		
General Fund:		
General Government Operations.....	<u>-4</u>	Eliminated positions.
COMMUNITY AND ECONOMIC DEVELOPMENT		
General Fund:		
General Government Operations.....	<u>14</u>	TRANSFERRED: From Public Employee Retirement Commission (5) and from Tax Equalization Board (9).
CONSERVATION AND NATURAL RESOURCES		
General Fund:		
General Government Operations.....	<u>-14</u>	Eliminated positions.
CORRECTIONS		
General Fund:		
Medical Care.....	-13	Eliminated positions.
Inmate Education and Training.....	-36	Eliminated positions.
State Correctional Institutions.....	-143	Eliminated positions.
DEPARTMENT TOTAL	<u>-192</u>	
DRUG AND ALCOHOL PROGRAMS		
General Fund:		
General Government Operations.....	<u>3</u>	TRANSFERRED: From Health.
Federal Funds:		
SABG - Administration & Operation (F).....	<u>73</u>	TRANSFERRED: From Health.
DEPARTMENT TOTAL	<u>76</u>	

Summary of 2012-13 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
EDUCATION		
General Fund:		
General Government Operations.....	-4	NEW: For School Report Card (2); for Child Accounting - Real-Time ADM (1). Eliminated positions (-7).
State Library.....	-1	Eliminated position.
General Fund Total	<u>-5</u>	
Federal Funds:		
Title IV - 21st Century Community - Learning Centers - Administration (F).....	1	TRANSFERRED: From Learn & Serve America - School Based (F).
Title VI - Part A State Assessments (F).....	-1	Eliminated position.
Learn and Serve America - School Based (F).....	-1	TRANSFERRED: To Title IV - 21st Century Community Learning Centers - Administration (F).
Federal Funds Total	<u>-1</u>	
DEPARTMENT TOTAL	<u><u>-6</u></u>	
EMERGENCY MANAGEMENT AGENCY		
General Fund:		
General Government Operations.....	2	TRANSFERRED: From Executive Offices - Commonwealth Technology Services (2).
Federal Funds:		
Domestic Preparedness - First Responders (F).....	2	TRANSFERRED: From Executive Offices - Office of Homeland Security (4) and to State Police (-2).
DEPARTMENT TOTAL	<u>4</u>	
ENVIRONMENTAL PROTECTION		
Storage Tank Fund:		
General Operations.....	-6	Eliminated positions.
Clean Air Fund:		
Major Emission Facilities.....	-5	Eliminated positions.
DEPARTMENT TOTAL	<u><u>-11</u></u>	
GENERAL SERVICES		
General Fund:		
General Government Operations.....	-64	TRANSFERRED: To Purchasing Fund (-2). Eliminated positions (-62).
Purchasing Fund:		
Purchasing Fund.....	2	TRANSFERRED: From General Government Operations.
DEPARTMENT TOTAL	<u><u>-62</u></u>	
HEALTH		
General Fund:		
Health Care Analysis and Reporting.....	31	TRANSFERRED: From Health Care Cost Containment Council.
Transition to Drug and Alcohol Programs.....	-3	TRANSFERRED: To Drug and Alcohol Programs.
General Fund Total	<u>28</u>	
Federal Funds:		
SABG - Administration & Operation (F).....	-73	TRANSFERRED: To Drug and Alcohol Programs.
Collaborative Chronic Disease Programs (F).....	4	NEW: For coordinating prevention, clinical and surveillance activities for chronic disease programs.
ARRA - Prevention and Wellness (F).....	-1	Eliminated position.
Federal Funds Total	<u>-70</u>	
Patient Safety Trust Fund:		
General Operations.....	14	TRANSFERRED: From Patient Safety Authority.
DEPARTMENT TOTAL	<u><u>-28</u></u>	

Summary of 2012-13 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
HISTORICAL AND MUSEUM COMMISSION		
General Fund:		
General Government Operations.....	-8	Eliminated positions.
INSURANCE		
General Fund:		
General Government Operations.....	-20	Eliminated positions.
LABOR AND INDUSTRY		
General Fund:		
General Government Operations.....	-3	Eliminated positions.
PENNSAFE.....	-18	TRANSFERRED: To Occupational & Industrial Safety (-4), to Workmen's Compensation Administration Fund (-3), to State Workmen's Insurance Fund (-3). Eliminated positions (-8).
Occupational and Industrial Safety.....	-8	TRANSFERRED: From PENNSAFE (4). Eliminated positions (-12).
Asbestos and Lead Certification.....	-2	Eliminated positions.
General Fund Total	<u>-31</u>	
Workmen's Compensation Administration Fund:		
Administration of Workers' Compensation.....	0	TRANSFERRED: From PENNSAFE (3). Eliminated positions (-3).
State Workmen's Insurance Fund:		
General Operations.....	0	TRANSFERRED: From PENNSAFE (3). Eliminated positions (-3).
Special Funds Total	<u>0</u>	
DEPARTMENT TOTAL	<u>-31</u>	
MILITARY AND VETERANS AFFAIRS		
General Fund:		
Veterans Homes.....	-67	Eliminated positions.
MILK MARKETING BOARD		
Milk Marketing Fund:		
General Operations.....	-1	TRANSFERRED: To Agriculture.
PROBATION AND PAROLE		
General Fund:		
General Government Operations.....	13	NEW: For parole agents for increased caseload resulting from initiatives that move more offenders from incarceration into parole.
Sexual Offenders Assessment Board.....	3	NEW: For investigators for increased caseload resulting from updated Megan's Law requirements.
DEPARTMENT TOTAL	<u>16</u>	
PUBLIC UTILITY COMMISSION		
General Fund:		
General Government Operations.....	1	NEW: For pipeline safety (13). Eliminated positions (-12).
PUBLIC WELFARE		
General Fund:		
General Government Operations.....	-40	Eliminated positions.
County Administration - Statewide.....	-15	Eliminated positions.
Mental Health Services.....	-60	Eliminated positions.
Intellectual Disabilities - State Centers.....	-30	Eliminated positions.
DEPARTMENT TOTAL	<u>-145</u>	

Summary of 2012-13 Complement Changes

Department / Fund / Appropriation	Increase/ Decrease	Comment on Complement Change
REVENUE		
General Fund:		
General Government Operations.....	<u>-116</u>	Eliminated positions.
SECURITIES COMMISSION		
General Fund:		
General Government Operations.....	<u>-84</u>	TRANSFERRED: To Banking (-73). Eliminated positions (-11).
STATE		
General Fund:		
General Government Operations.....	-7	TRANSFERRED: To Corporation Bureau.
Corporation Bureau.....	<u>7</u>	TRANSFERRED: From General Government Operations.
DEPARTMENT TOTAL	<u>0</u>	
STATE POLICE		
General Fund:		
General Government Operations.....	<u>12</u>	NEW: For enforcement in gaming facilities.
Federal Funds:		
Office of Homeland Security.....	<u>8</u>	TRANSFERRED: From Executive Offices - Office of Homeland Security (6) and from Emergency Management Agency (2).
DEPARTMENT TOTAL	<u>20</u>	
TAX EQUALIZATION BOARD		
General Fund:		
General Government Operations.....	<u>-15</u>	TRANSFERRED: To Community and Economic Development (-9). Eliminated positions (-6).
GRAND TOTAL	<u>-649</u>	

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Commonwealth of Pennsylvania

Governor's Executive Budget

STATISTICAL DATA

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STATISTICAL DATA

This section contains historical data for various Pennsylvania economic indicators. Data is obtained from published sources noted on each page. Additional data is available from the Penn State Data Center through their homepage at (www.pasdc.hbg.psu.edu/).

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SELECTED DATA ON THE COMMONWEALTH OF PENNSYLVANIA

General

The Commonwealth of Pennsylvania is one of the most populous states, ranking sixth behind California, Texas, New York, Florida, and Illinois. Pennsylvania is an established state with a diversified economy. Pennsylvania had been historically identified as a heavy industrial state. That reputation has changed over the last thirty years as the coal, steel and railroad industries declined. The commonwealth's business environment readjusted with a more diversified economic base. This economic readjustment was a direct result of a long-term shift in jobs, investment, and workers away from the northeast part of the nation. Currently, the major sources of growth in Pennsylvania are in the service sector, including trade, medical and health services, education and financial institutions.

Pennsylvania's agricultural industries remain an important component of the commonwealth's economic structure, accounting for more than \$5.4 billion in crop and livestock products annually. In 2010, agribusiness and food related industries had export sales surpassing \$1.3 billion in economic activity. Over 63,000 farms form the backbone of the state's agricultural economy. Farmland in Pennsylvania includes over four million acres of harvested cropland and three million acres of pasture and farm woodlands - nearly one-third of the commonwealth's total land area. Agricultural diversity in the commonwealth is demonstrated by the fact that Pennsylvania ranks among the top ten states in the production of a variety of agricultural products.

Pennsylvania's extensive public and private forests provide a vast source of material for the lumber, furniture, and paper products industries. The forestry and related industries account for 1.5% of employment with economic activity of nearly \$5 billion in domestic and international trade. Additionally, the commonwealth derives a good water supply from underground sources, abundant rainfall, and a large number of rivers, streams, and lakes. Other natural resources include major deposits of coal, petroleum, and natural gas. Annually, about 67 million tons of anthracite and bituminous coal, 168 billion cubic feet of natural gas, and about 3.6 million barrels of oil are extracted from Pennsylvania. Pennsylvania is one of the top 10 producing states in the country for aggregate/crushed stone. The value of non-coal mineral production in PA is around \$1 billion dollars per year.

Pennsylvania is a Mid-Atlantic state within easy reach of the populous eastern seaboard as well as a gateway to the Midwest. A comprehensive transportation grid enhances the commonwealth's strategic geographic position. The commonwealth's water systems afford the unique feature of triple port coverage, a deep-water port at Philadelphia, a Great Lakes port at Erie and an inland water port at Pittsburgh. Whether by air, rail, water, or road, Pennsylvania is easily accessible for both inter and intra state trade and commerce.

Population

The commonwealth is highly urbanized. Of the commonwealth's 2011 mid-year population estimate, 79 percent resided in the 15 Metropolitan Statistical Areas ("MSAs") of the commonwealth. The largest MSAs in the commonwealth are those that include the cities of Philadelphia and Pittsburgh, which together contain almost 44 percent of the state's total population. The population of Pennsylvania, 12.7 million people in 2011, according to the U.S. Bureau of the Census, represents a population growing slower than the nation with a higher portion than the nation or the region comprised of persons 45 or over. The following tables present the population trend from 2002 to 2011 and the age distribution of the population for 2010.

Population Trends Pennsylvania, Middle Atlantic Region and the United States 2002-2011

As of July 1	Total Population In Thousands			Total Population as a % of 2002 base		
	PA	Middle Atlantic Region ^(a)	U.S.	PA	Middle Atlantic Region ^(a)	U.S.
2002	12,326	40,032	287,803	100%	100%	100%
2003	12,357	40,172	290,326	100	100	101
2004	12,388	40,297	293,045	100	101	102
2005	12,418	40,370	295,753	101	101	103
2006	12,471	40,451	296,593	101	101	103
2007	12,522	40,581	301,579	102	101	105
2008	12,566	40,697	304,374	102	102	106
2009	12,604	40,854	307,006	102	102	107
2010	12,717	40,912	309,330	103	102	107
2011	12,742	41,029	311,591	103	103	108

^(a) Middle Atlantic Region: Pennsylvania, New York, New Jersey
Source: U.S. Department of Commerce, Bureau of the Census

Population By Age Group — 2010 Pennsylvania, Middle Atlantic Region and the United States

Age	Pennsylvania	Middle Atlantic Region ^(a)	United States
Under 5 years	5.7 %	5.9%	6.5 %
5-24 years	26.1	26.5	27.4
25-44 years	24.6	26.2	26.6
45-64 years	28.1	27.3	26.4
65 years and over	15.5	14.1	13.1

^(a) Middle Atlantic Region: Pennsylvania, New York, New Jersey.
Source: U.S. Department of Commerce, Bureau of the Census

Employment

Non-agricultural employment in Pennsylvania over the ten years ending in 2010 increased at an average annual rate of 0.01 percent compared with a 0.1 percent rate reduction for the Middle Atlantic region and 0.2 percent rate reduction for the U.S. The following table shows employment trends from 2001 through 2010.

Non-Agricultural Establishment Employment Trends Pennsylvania, Middle Atlantic Region and the United States 2001-2010

Calendar Year	Total Establishment Employment In Thousands			Total Establishment Employment as a % of 2001 base		
	PA	Middle Atlantic Region ^(a)	U.S.	PA	Middle Atlantic Region ^(a)	U.S.
2001	5,682	18,274	131,826	100 %	100 %	100 %
2002	5,640	18,087	130,341	99	99	99
2003	5,611	17,999	129,999	99	98	99
2004	5,644	18,108	131,435	99	99	100
2005	5,702	18,278	133,703	100	100	101
2006	5,756	18,446	136,086	101	101	103
2007	5,798	18,610	137,598	102	102	104
2008	5,799	18,640	136,790	102	102	104
2009	5,608	18,056	130,920	99	99	99
2010	5,684	18,184	130,262	100	100	99

^(a) Middle Atlantic Region: Pennsylvania, New York, New Jersey.
Source: U.S. Department of Labor, Bureau of Labor Statistics.

Non-manufacturing employment in Pennsylvania has increased in recent years and reached 88.4 percent of total employment by 2010. Consequently, manufacturing employment constitutes a diminished share of total employment within the commonwealth. Manufacturing, contributing 10.0 percent of 2010 non-agricultural employment, has fallen behind the services sector and the trade sector as the largest single source of non-governmental employment within the commonwealth. In 2010, the services sector accounted for 47.5 percent of all non-agricultural employment while the trade sector accounted for 15.0 percent. The following table shows trends in employment by sector for Pennsylvania from 2006 through 2010.

Non-Agricultural Establishment Employment by Sector Pennsylvania 2006-2010 (In Thousands)

	CALENDAR YEAR									
	2006		2007		2008		2009		2010	
	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%
Manufacturing:										
Durable.....	414.4	7.2	407.4	7.0	398.5	6.9	330.6	6.0	334.4	6.0
Non-Durable.....	256.0	4.4	251.7	4.3	245.2	4.2	223.6	4.0	226.3	4.0
Total										
Manufacturing ^(d)	670.4	11.6	659.1	11.4	643.7	11.1	554.2	10.0	560.7	10.0
Non-Manufacturing:										
Trade ^(a)	1,125.8	19.6	1,134.2	19.6	887.1	15.3	837.2	15.1	844.4	15.0
Finance ^(b)	335.0	5.8	332.8	5.7	329.8	5.7	313.6	5.6	309.9	5.5
Services.....	2,365.0	41.1	2,400.6	41.4	2,674.5	46.1	2,625.9	47.3	2,670.8	47.5
Government.....	745.6	13.0	749.4	12.9	749.3	12.9	755.7	13.6	757.2	13.5
Utilities ^(c)	233.5	4.1	239.1	4.1	238.8	4.1	228.5	4.1	233.1	4.1
Construction.....	261.0	4.5	262.3	4.5	254.6	4.4	216.5	3.9	216.2	3.8
Mining.....	19.7	0.3	20.4	0.4	21.6	0.4	22.6	0.4	26.3	0.5
Total										
Non-Manufacturing ^(d)	5,085.6	88.4	5,138.8	88.4	5,155.7	88.9	5,000.0	90.0	5,057.9	90.0
Total Employees ^{(d)(e)}	5,756.0	100.0	5,797.9	99.8	5,799.4	100.0	5,554.2	100.0	5,618.6	100.0

^(a) Wholesale and retail trade.

^(b) Finance, insurance and real estate.

^(c) Includes transportation, communications, electric, gas and sanitary services.

^(d) Discrepancies occur due to rounding.

^(e) Does not include workers involved in labor-management disputes.

Source: US Bureau of Labor Statistics

The following table presents the percentages of non-agricultural employment in various sectors in Pennsylvania and the United States in 2010.

Non-Agricultural Establishment Employment by Sector Pennsylvania and the United States

	2010 Calendar Year	
	Pennsylvania	United States
Manufacturing.....	10.0%	9.1%
Trade ^(a)	15.0	15.3
Finance ^(b)	5.5	5.9
Services.....	47.6	44.0
Government.....	13.5	17.2
Utilities ^(c)	4.1	3.7
Construction.....	3.8	4.6
Mining.....	0.5	0.2
Total.....	100.0%	100.0%

^(a) Wholesale and retail trade.

^(b) Finance, insurance and real estate.

^(c) Includes transportation, communications, electric, gas and sanitary services.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Within the manufacturing sector of Pennsylvania's economy, which now accounts for about one-tenth of total non-agricultural employment in Pennsylvania, the fabricated metals industries employed the largest number of workers. Employment in the fabricated metals industries was 13.9 percent of Pennsylvania manufacturing employment but only 1.4 percent of total Pennsylvania non-agricultural employment in 2010. The following table shows trends in manufacturing employment by industry for Pennsylvania from 2006 through 2010.

Manufacturing Establishment Employment by Industry Pennsylvania 2006-2010 (In Thousands)

	CALENDAR YEAR									
	2006		2007		2008		2009		2010	
	Employees	%	Employees	%	Employees	%	Employees	%	Employees	%
Durable Goods:										
Primary Metals.....	43.5	6.4	42.6	6.4	41.6	6.4	35.5	6.2	35.9	6.4
Fabricated Metals.....	90.9	13.3	91.5	13.8	91.7	14.1	79.5	13.8	77.7	13.9
Machinery (excluding electrical)	57.0	8.4	56.8	8.6	56.4	8.7	47.4	8.3	45.3	8.1
Electrical Equipment.....	26.7	3.9	26.9	4.1	27.1	4.2	24.8	4.3	24.7	4.4
Transportation Equipment.....	44.3	6.5	43.5	6.6	43.6	6.7	38.6	6.7	36.8	6.6
Furniture Related Products.....	23.7	3.5	21.7	3.3	20.3	3.1	16.1	2.8	14.9	2.7
Other Durable Goods.....	128.3	18.8	124.4	18.8	117.8	18.1	102.9	17.9	99.1	17.7
Total Durable Goods^(a).....	414.4	60.9	407.4	61.4	398.5	61.3	344.8	60.1	334.4	59.6
Non-Durable Goods:										
Pharmaceutical/Medicine.....	21.9	3.2	21.9	3.3	22.0	3.4	21.7	3.8	21.5	3.8
Food Products.....	70.9	10.4	68.9	10.4	69.0	10.6	66.8	11.6	66.3	11.8
Chemical Products.....	49.2	7.2	46.7	7.0	46.4	7.1	43.5	7.6	43.0	7.7
Printing and Publishing.....	37.1	5.4	36.4	5.5	35.2	5.4	29.9	5.2	28.2	5.0
Plastics/Rubber Products.....	40.2	5.9	39.8	6.0	39.5	6.1	35.0	6.1	35.1	6.3
Other Non-Durable Goods.....	47.2	6.9	42.3	6.4	39.6	6.1	32.4	5.6	32.2	5.7
Total Non-Durable Goods^(a)...	266.5	39.1	256.0	38.6	251.7	38.7	229.3	39.9	226.3	40.4
Total Manufacturing Employees^(a).....	680.9	100.0	663.4	100.0	650.2	100.0	574.1	100.0	560.7	100.0

^(a) Discrepancies occur due to rounding

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Unemployment

Pennsylvania's annual average unemployment rate was equivalent to the national average throughout the 2000s. Slower economic growth caused the unemployment rate in the commonwealth to rise to 8.7 percent in 2010. As of December 2011, the most recent month for which figures are available, Pennsylvania had a seasonally adjusted annual unemployment rate of 7.6 percent. The following table represents the annual non-adjusted unemployment rate in Pennsylvania, the Middle Atlantic Region, and the United States from 2001 through 2010.

**Annual Average Unemployment Rate
Pennsylvania, Middle Atlantic Region and the United States
2001-2010**

<u>Calendar Year</u>	<u>Pennsylvania</u>	<u>Middle Atlantic Region^(a)</u>	<u>United States</u>
2001	4.8 %	4.7 %	4.7 %
2002	5.6	5.9	5.8
2003	5.7	6.1	6.0
2004	5.4	5.5	5.5
2005	5.0	4.9	5.1
2006	4.5	4.6	4.6
2007	4.3	4.4	4.6
2008	5.3	5.4	5.8
2009	8.1	8.4	9.3
2010	8.7	8.8	9.6

^(a) Middle Atlantic Region: Pennsylvania, New York, New Jersey.
Source: U.S. Department of Labor, Bureau of Labor Statistics.

The following table presents the thirty largest non-governmental employers in Pennsylvania:

**Commonwealth of Pennsylvania
Thirty Largest
Non-Governmental Employers
December 2010**

<u>Company</u>	<u>Rank</u>	<u>Company</u>	<u>Rank</u>
Wal-Mart Associates	1	The Children's Hospital of Philadelphia	16
University of Pennsylvania	2	Vanguard Group Inc.	17
Pennsylvania State University	3	GMRI Inc.....	18
Giant Food Stores	4	Heartland Employment Services.....	19
United Parcel Service.....	5	US Airways Inc	20
University of Pittsburgh	6	Macy's Retail Holdings Inc.....	21
UPMC Presbyterian	7	Comcast Cablevision Corp	22
PNC Bank NA	8	Temple University	23
Giant Eagle Inc.....	9	Thomas Jefferson Hospital	24
Weis Markets Inc.....	10	Western Pennsylvania Hospital	25
Target Division of Target Corp	11	Pennsylvania Blue Shield	26
Lowe's Home Centers Inc	12	Milton S. Hershey Medical Center	27
Merck & Co Inc.....	13	Sears Roebuck & Co	28
Home Depot USA Inc.....	14	Pennsylvania CVS Pharmacy, LLC	29
K-MART Corp	15	Eat'n Park Restaurants.....	30

Source: Pennsylvania Department of Labor, Office of Employment Security.

Personal Income

Personal income in the commonwealth for 2010 was \$522.7 billion, an increase of 3.2 percent over the previous year. During the same period, national personal income increased by 2.9 percent. Based on the 2010 personal income estimates, per capita income was at \$41,152 in the commonwealth compared to per capita income in the United States of \$40,584. The following tables represent annual personal income data and per capita income from 2001 through 2010.

Personal Income Pennsylvania, Mideast Region and the United States 2001-2010

Year	Total Personal Income Dollars in Thousands			Total Personal Income As a % of 2000 base		
	PA	Mideast Region ^(a)	U.S. ^(b)	PA	Mideast Region ^(a)	U.S.
2001.....	\$ 377,373	\$1,637,375	\$8,878,830	100 %	100 %	100 %
2002.....	387,663	1,662,680	9,054,702	103	102	102
2003.....	399,547	1,707,492	9,369,072	106	104	106
2004.....	417,790	1,808,113	9,928,790	111	110	112
2005.....	432,247	1,898,598	10,476,669	115	116	118
2006.....	462,703	2,046,137	11,256,516	123	125	127
2007.....	489,076	2,177,747	11,900,562	130	133	134
2008.....	508,248	2,243,945	12,380,225	135	137	139
2009.....	506,397	2,201,921	12,168,161	134	134	137
2010.....	522,731	2,276,930	12,530,101	139	139	141

^(a) Mideast Region: Pennsylvania, New York, New Jersey, Maryland, District of Columbia, and Delaware.

^(b) Sum of States.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Per Capita Income Pennsylvania, Mideast Region and the United States 2001-2010

Calendar Year	Per Capita Income			As a % of U.S.	
	PA	Mideast Region ^(a)	U.S.	PA	Mideast Region ^(a)
2001.....	\$ 30,667	\$ 35,122	\$ 31,145	98 %	113 %
2002.....	31,436	35,489	31,462	100	113
2003.....	32,322	36,289	32,271	100	112
2004.....	32,708	38,281	33,881	99	113
2005.....	34,791	40,090	35,424	98	113
2006.....	37,078	43,095	37,698	98	114
2007.....	38,738	45,767	39,392	98	116
2008.....	39,762	46,900	40,166	99	117
2009.....	39,578	45,893	39,138	101	117
2010.....	41,152	47,293	40,584	101	117

^(a) Mideast Region: Pennsylvania, New York, New Jersey, Maryland, District of Columbia, and Delaware.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

The following table presents growth rates in personal income and selected components of personal income for Pennsylvania, the Mideast Region and the United States from 2006 through 2010

Annual Growth Rates Personal Income and Selected Components of Personal Income Pennsylvania, Mideast Region and the United States

Calendar Year	Pennsylvania	Mideast Region ^(a)	United States
Total Personal Income			
2006.....	7.0%	7.8%	7.4%
2007.....	5.7	6.4	5.7
2008.....	3.9	1.9	4.0
2009.....	-0.4	-1.9	-1.7
2010.....	3.2	3.4	3.0
Manufacturing			
2006.....	3.7%	2.6%	3.8%
2007.....	-0.9	-0.1	0.7
2008.....	1.0	0.5	0.3
2009.....	-7.7	-7.6	-8.9
2010.....	3.2	1.6	2.7
Trade^(b)			
2006.....	3.9%	3.8%	4.7%
2007.....	3.6	4.3	4.1
2008.....	-0.3	-1.6	-1.6
2009.....	-4.0	-4.9	-5.7
2010.....	3.7	3.6	3.0
Finance^(c)			
2006.....	7.2%	15.3%	9.8%
2007.....	2.4	7.7	4.1
2008.....	1.9	-4.7	-3.6
2009.....	-2.8	-14.2	-7.5
2010.....	0.2	6.1	1.7
Services			
2006.....	8.2%	8.5%	9.6%
2007.....	7.7	7.2	7.5
2007.....	7.4	7.6	7.8
2009.....	-0.8	-2.2	-3.0
2010.....	2.5	2.9	3.2
Utilities			
2006.....	5.5%	12.0%	14.6%
2007.....	1.8	-1.5	-1.2
2008.....	9.6	9.0	10.5
2009.....	-2.4	-1.0	1.9
2010.....	2.5	4.0	0.5
Construction			
2006.....	5.3%	6.5%	7.3%
2007.....	-0.9	0.6	-0.4
2008.....	-2.9	-3.1	-4.9
2009.....	-12.0	-9.6	-16.5
2010.....	0.5	-2.2	-4.8
Mining			
2006.....	17.7%	16.7%	22.4%
2007.....	-4.2	-8.1	-3.0
2008.....	39.7	35.5	43.7
2009.....	-4.8	-4.8	-12.6
2010.....	17.1	17.1	3.2

^(a) Mideast Region: Delaware, District of Columbia, Maryland, Pennsylvania, New York, and New Jersey.

^(b) Wholesale and retail trade.

^(c) Finance and insurance

Source: U.S. Department of Commerce, Bureau of Economic Analysis

The commonwealth's average hourly wage rate of \$16.88 for manufacturing and production workers compares to the national average of \$18.61 for 2010. The following table presents the average hourly wage rates for 2006 through 2010.

Average Hourly Wages Production Workers on Manufacturing Payrolls Pennsylvania and the United States 2006-2010

Calendar Year	PA	U.S.
2006.....	\$ 15.38	\$ 16.81
2007.....	15.48	17.26
2008.....	15.61	17.75
2009.....	16.28	18.24
2010.....	16.88	18.61

Source: U.S. Department of Labor, Bureau of Labor Statistics

Market and Assessed Valuation of Real Property

Annually, the State Tax Equalization Board (the "STEB") determines an aggregate market value of all taxable real property in the commonwealth. The STEB determines the market value by applying assessment to sales ratio studies to assessment valuations supplied by local assessing officials. The market values certified by the STEB do not include property that is tax exempt but do include an adjustment correcting the data for preferential assessments granted to certain farm and forestlands.

The table below shows the assessed valuation as determined and certified by the counties and the market value and the assessed to market value ratio determined by the STEB for real property over the last ten years. In computing the market values for uneven-numbered years, the STEB is statutorily restricted to certifying only those changes in market value that result from properties added to or removed from the assessment rolls. The STEB is permitted to adjust the market valuation to reflect any change in real estate values or other economic change in value only in even-numbered years. This restriction accounts for the two-year pattern of market value changes apparent in the data below.

Valuations of Taxable Real Property 2001-2010

Year	Market Value ^(a)	Assessed Valuation	Ratio of Assessed Valuation to Market Value ^(a)
2001	430,102,389,400	310,111,943,560	72.1%
2002	467,311,009,700	325,451,064,697	69.6
2003	478,362,689,800	348,726,965,926	72.9
2004	523,595,339,800	352,014,550,601	67.2
2005	546,222,770,500	378,011,903,306	69.2
2006	619,788,036,800	393,869,708,825	63.5
2007	633,886,898,100	400,428,104,035	63.1
2008	708,521,506,000	406,426,527,325	57.3
2009	717,475,983,911	431,911,595,146	60.2
2010	753,847,457,900	436,995,393,629	57.9

^(a) Value adjusted for difference between regular assessment and preferential assessment permitted on certain farm and forestlands.
Source: Annual Certifications by the State Tax Equalization Board.

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